



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **IMPROVING TRANSPARENCY AND PARLIAMENTARY OVERSIGHT OF THE GOVERNMENT'S SPENDING PLANS**

**Report of the Standing Committee on Government  
Operations and Estimates**

**Tom Lukiwski, Chair**

**JANUARY 2019  
42<sup>nd</sup> PARLIAMENT, 1<sup>st</sup> SESSION**

---

Published under the authority of the Speaker of the House of Commons

**SPEAKER'S PERMISSION**

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website  
at the following address: [www.ourcommons.ca](http://www.ourcommons.ca)

**IMPROVING TRANSPARENCY AND  
PARLIAMENTARY OVERSIGHT OF THE  
GOVERNMENT'S SPENDING PLANS**

**Report of the Standing Committee on  
Government Operations and Estimates**

**Tom Lukiwski  
Chair**

**JANUARY 2019**

**42<sup>nd</sup> PARLIAMENT, 1<sup>st</sup> SESSION**

## **NOTICE TO READER**

### **Reports from committee presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

# **STANDING COMMITTEE ON GOVERNMENT OPERATIONS AND ESTIMATES**

## **CHAIR**

Tom Lukiwski

## **VICE-CHAIRS**

Daniel Blaikie

Yasmin Ratansi

## **MEMBERS**

G rard Deltell

Francis Drouin

Majid Jowhari

Steven MacKinnon (Parliamentary Secretary — Non-Voting Member)

Kelly McCauley

Alexandra Mend s

Joyce Murray (Parliamentary Secretary — Non-Voting Member)

Kyle Peterson

Jean Yip

## **OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED**

Ramez Ayoub

Hon. Steven Blaney

Alupa A. Clarke

David de Burgh Graham

Raj Grewal

Pat Kelly

Brenda Shanahan

Erin Weir

Nick Whalen

## **CLERKS OF THE COMMITTEE**

Leif-Erik Aune

Paul Cardegna  
Caroline Massicotte  
Philippe Grenier-Michaud  
Patrick Williams

**LIBRARY OF PARLIAMENT**

**Parliamentary Information and Research Service**

Raphaëlle Deraspe, Analyst  
Lindsay McGlashan, Analyst  
Billy Joe Siekierski, Analyst

# **THE STANDING COMMITTEE ON GOVERNMENT OPERATIONS AND ESTIMATES**

has the honour to present its

## **SIXTEENTH REPORT**

Pursuant to its mandate under Standing Order 108(3)(c)(vii), the Committee has studied the estimates process and has agreed to report the following:





## TABLE OF CONTENTS

---

SUMMARY.....	1
LIST OF RECOMMENDATIONS .....	3
IMPROVING TRANSPARENCY AND PARLIAMENTARY OVERSIGHT OF THE GOVERNMENT'S SPENDING PLANS.....	7
Introduction.....	7
CHAPTER 1: ALIGNING THE FEDERAL BUDGET AND THE MAIN ESTIMATES .....	10
1.1 Main components of the Parliamentary Financial Cycle.....	11
1.2 Improving the Alignment of the Processes .....	13
1.3 Better Collaboration between Departments.....	15
1.4 New Deadline for the Main Estimates .....	15
1.5 Temporary Changes .....	17
1.5.1 First Fiscal Year under the Temporary Changes .....	20
1.6 Other jurisdictions .....	21
1.7 Striking the Right Balance.....	24
1.8 Next Steps.....	25
1.9 Committee Observations and Recommendations .....	26
CHAPTER 2: A NEW CENTRAL BUDGET IMPLEMENTATION VOTE .....	29
2.1 Budget Implementation Vote.....	29
2.2 Parliamentary Committees.....	33
2.3 Departmental Plans.....	35
2.4 Committee Observations and Recommendations .....	36
CHAPTER 3: ACCOUNTING FOR APPROPRIATIONS.....	39
3.1 Comparing the Estimates to the Federal Budget and the Public Accounts.....	39

3.2	Past Recommendations and Actions.....	40
3.3	Benefits and Challenges of Moving to Accrual-Based Estimates Appropriations .....	42
3.4	Other Jurisdictions.....	44
3.5	Transition Considerations .....	45
3.6	Committee Observations and Recommendations .....	46
CHAPTER 4: INTRODUCING A PURPOSE-BASED VOTE STRUCTURE.....		48
4.1	Vote Structure.....	48
4.2	Pilot Project on Purpose-Based Votes.....	49
4.3	Balancing Parliamentary Control and Government Flexibility .....	51
4.4	Transition and Implementation Considerations.....	53
4.5	Committee Observations and Recommendations .....	55
CHAPTER 5: UPDATED REPORTING.....		57
5.1	Departmental Results Framework .....	57
5.1.1	Performance Evaluation .....	58
5.1.2	Other Jurisdictions .....	59
5.2	GC InfoBase.....	60
5.3	Committee Observations and recommendations .....	61
CONCLUSION .....		63
APPENDIX A.....		65
APPENDIX B.....		69
APPENDIX C .....		73
REQUEST FOR GOVERNMENT RESPONSE .....		75
DISSENTING OPINION OF THE CONSERVATIVE PARTY OF CANADA.....		77

DISSENTING OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA..... 85



## SUMMARY

---

In 2016, just after the beginning of the 42<sup>nd</sup> Parliament, the House of Commons Standing Committee on Government Operations and Estimates (the Committee) undertook a study to improve the estimates process. During the course of its study, the Committee held 11 meetings and heard from 31 witnesses. In addition, the Committee devoted six meetings, between April and June 2018, to examining the 2018–2019 Main Estimates, during which it considered recent changes to the estimates process.

The report of the Committee's study examines the parliamentary financial cycle and the estimates process, as well as the alignment of the main estimates with the federal budget and the temporary changes made to achieve this alignment, including the new Treasury Board Central Vote 40 on budget implementation measures. It also reviews the accounting methods used in the main fiscal documents, the results of a pilot project on a purpose-based vote structure, and the departmental results framework.

The Committee identifies four main challenges with the current estimates process:

- the overall complexity of the process and the misalignment between the federal budget and the main estimates;
- the new budget implementation vote managed by the Treasury Board Secretariat;
- the lack of consistency in the accounting basis used in the federal budget, the estimates documents and the government's financial statements; and
- the disconnect between appropriations and program objectives due to the nature of estimates votes, which are not purpose-based.

The Committee makes 12 recommendations in the report. Five of the recommendations address the above-mentioned challenges by proposing that:

- the Government of Canada present a concrete and detailed plan to table the budget and the main estimates concurrently, with consistent information;
- the Government of Canada reform its processes so that Cabinet and Treasury Board approval of budget measures are done in tandem in order

for these measures to be included in the main estimates and to ensure the alignment of the budget and the main estimates;

- the relevant standing committees study measures included in the budget implementation vote presented in the main estimates for fiscal year 2019–2020, based on their mandates, and that during the standing committees’ studies of these main estimates, officials from the Treasury Board Secretariat accompany officials from the departments responsible for budget measures to ensure that parliamentarians receive meaningful insight into the new measures and their implementation;
- the Government of Canada conduct a pilot project by preparing the estimates appropriations of a selected department on an accrual basis; and
- the Government of Canada update its central financial management systems and introduce purpose-based votes to provide better information and control to parliamentarians.

Lastly, the Committee wishes to note that the new central budget implementation vote was created to ensure that all 2018 federal budget measures were included in the main estimates for 2018–2019, and to better align the budget and the main estimates. The Committee recognizes that fiscal year 2018–2019 is a transition year for the alignment of the federal budget and the main estimates. Therefore, Treasury Board had to develop special tools that would be in place temporarily to reach that objective, and the budget implementation vote was one of them. Going forward, however, the Committee believes that new central votes allocating significant funding to various departments and agencies should only be created in very special circumstances and Parliament should have sufficient time to closely scrutinize them before funds are allocated. The Committee is of the opinion that the government should work towards incorporating budget measures into the votes of relevant departments and agencies in the main estimates. To that end, it encourages the Department of Finance and the Treasury Board Secretariat to work together to establish a timeline that allows budget measures to obtain Cabinet approval and Treasury Board approval, and to be incorporated into the departments’ and agencies’ main estimates votes. It also believes that budget initiatives presented in the main estimates should be supported by information provided in departmental plans that can be scrutinized by parliamentarians.

## LIST OF RECOMMENDATIONS

---

*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

### **Recommendation 1**

**That the House of Commons refer the impact of the budget implementation vote, the new timeline for the tabling of the main estimates, and the temporary changes made to the *Standing Orders of the House of Commons* to the Standing Committee on Government Operations and Estimates for review before making the changes permanent..... 27**

### **Recommendation 2**

**That the Government of Canada present a concrete and detailed plan to table the budget and the main estimates concurrently, with consistent information. .... 27**

### **Recommendation 3**

**That the Government of Canada reform its processes so that Cabinet and Treasury Board approval of budget measures are done in tandem in order for these measures to be included in the main estimates and to ensure the alignment of the budget and the main estimates. .... 27**

### **Recommendation 4**

**That the Treasury Board Secretariat work with departments and agencies to ensure that details of new spending presented in main and supplementary estimates appear in their departmental plans as soon as possible..... 37**

### **Recommendation 5**

**That the relevant standing committees study measures included in the budget implementation vote presented in the main estimates for fiscal year 2019-2020 based on their mandates, and that during the standing committees' studies of these main estimates, officials from the Treasury Board Secretariat accompany officials from the departments responsible for budget measures to ensure that parliamentarians receive meaningful insight into the new measures and their implementation. .... 37**

**Recommendation 6**

**That the Government of Canada conduct a pilot project by preparing the estimates appropriations of a selected department on an accrual basis. .... 47**

**Recommendation 7**

**That, to enhance parliamentary oversight, in accordance with the 2012 House of Commons Standing Committee on Government Operations and Estimates' report on the estimates process, as well as the Auditor General's commentary on the 2017–2018 Financial Audits, standing parliamentary committees review statutory programs on a cyclical basis to assess their effectiveness. .... 47**

**Recommendation 8**

**That the Treasury Board Secretariat expand the pilot project on purpose-based votes to include departments and agencies with capital and operating votes; and that in designing this expanded pilot project, the Secretariat study the various mechanisms available to strike an appropriate balance between parliamentary control and departmental flexibility, such as a 10% threshold to allow for transfers between votes, multi-year appropriations, and enhanced carry-forwards. .... 56**

**Recommendation 9**

**That the Treasury Board Secretariat and the Receiver General provide a cost estimate and implementation timeline for a full transition to purpose-based votes, including a detailed plan on updating or replacing the Central Financial Management Reporting System, as well as plans for harmonizing departmental financial systems. .... 56**

**Recommendation 10**

**That, in accordance with the federal government's Policy on Results, the Treasury Board Secretariat ensure that departments and agencies include related program objectives and purposes, and projected measures of performance in their departmental plans. .... 62**



**Recommendation 11**

**That the Treasury Board Secretariat work with departments and agencies to develop standard metrics for measuring program performance and developing performance indicators. .... 62**

**Recommendation 12**

**That the Treasury Board Secretariat reinforce its Policy on Results by strongly encouraging departments and agencies to minimize the use of “to be decided” or “not applicable” in their departmental plans under the key results expectations and the explanations of performance indicators. .... 62**





# IMPROVING TRANSPARENCY AND PARLIAMENTARY OVERSIGHT OF THE GOVERNMENT'S SPENDING PLANS

---

## INTRODUCTION

*“The big thing around here—I’m saying broadly Parliament—is that there are people who have been here a long time as members of Parliament who don’t really understand the estimate and budget processes. It’s not really their fault.”*

Scott Brison,

President of the Treasury Board, 24 October 2016

Parliamentarians play a critical role in reviewing and approving the government’s spending plans through the business of supply, which is often referred to as the estimates process. As part of this process, it is presumed that parliamentary committees will closely scrutinize the government’s spending plans and the associated departmental plans and results, based on the votes and reports that are referred to them. To fulfil this role, parliamentarians need information that is understandable, complete, timely, and prepared on a consistent basis.

The business of supply and the principles underlying Canada’s parliamentary financial cycle date back to Confederation and beyond, as they are based on the British House of Commons’ financial procedures.<sup>1</sup> While supply procedures remained largely unchanged for the first hundred years following Confederation, since that time there have been

---

1 House of Commons, “[Chapter 18: Financial Procedures, The Business of Supply](#),” in House of Commons Procedure and Practice, Marc Bosc and André Gagnon eds., 3<sup>rd</sup> ed., 2017.



many changes. Some of the changes to supply procedures were the result of several wide-ranging parliamentary reviews of the process undertaken in recent years.<sup>2</sup>

Notably, the Standing Committee on Government Operations and Estimates (the Committee) has the mandate to review the process for considering estimates and supply, and the format and content of all estimates documents. Since its creation, the Committee has examined ways to improve the estimates process. In 2003, the Committee released a report entitled *Meaningful Scrutiny: Practical Improvements to the Estimates Process*, followed by another report in 2012, called *Strengthening Parliamentary Scrutiny of Estimates and Supply*, which contained 16 recommendations. In response to the 2012 report, the federal government began highlighting new funding and federal budget items in estimates documents. It also revised the content requirements of the reports on plans and priorities (renamed the departmental plans), undertook a pilot project on purpose-based votes with Transport Canada, and created an online searchable database of government spending information.

Despite these changes, the estimates process remains complex and lacks meaningful parliamentary scrutiny. When the Committee started this study, there were several reasons for this:

- the lack of alignment between the federal budget and the estimates;
- the lack of consistency in the accounting basis used in the federal budget, the estimates documents and the government's financial statements;<sup>3</sup> and
- the disconnect between appropriations and program objectives due to the structure of estimates votes, which are currently not purpose-based.

---

2 House of Commons parliamentary committee reports on the estimates process include: House of Commons, Standing Committee on Procedure and House Affairs, *The Business of Supply: Completing the Circle of Control*, Fifty-First Report, 1<sup>st</sup> Session, 36<sup>th</sup> Parliament, December 1998; House of Commons, Standing Committee on Government Operations and Estimates [OGGO], *Meaningful Scrutiny: Practical Improvements to the Estimates Process*, Sixth Report, 2<sup>nd</sup> Session, 37<sup>th</sup> Parliament, September 2003; and House of Commons, OGGO, *Strengthening Parliamentary Scrutiny of Estimates and Supply*, Seventh Report, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, June 2012.

3 The federal budget and the public accounts are presented on an accrual basis, whereas the estimates and related appropriations (or votes) are presented on a modified cash basis. Accrual accounting recognizes transactions and events when they occur, whereas cash accounting recognizes transactions and events when cash is received or paid. Modified cash accounting includes adjustments for certain accrual items, such as the recording of spending commitments made prior to the fiscal year end.

In 2015, the President of the Treasury Board's mandate letter set improving the transparency and integrity of government spending as a top priority. This was to be achieved by:

- 1) strengthening the oversight of taxpayer dollars and the clarity and consistency of financial reporting;
- 2) ensuring consistency and maximum alignment between the estimates and the public accounts; and
- 3) exercising due diligence regarding costing analysis.<sup>4</sup>

In October 2016, the Treasury Board of Canada Secretariat (TBS) released a report entitled *Empowering parliamentarians through better information* which outlined a four-pillar approach "to improve the reporting process to increase accountability to Parliament and Canadians." The four pillars touch upon:

- 1) the timing of the estimates;
- 2) the differences in scope and accounting methods between the federal budget and the estimates;
- 3) the structure of voted funds; and
- 4) departmental plans and departmental results reports.

The Committee has continued to follow the evolution of the estimates process and the challenges it presents with interest. In 2016, it launched a study to explore ways to improve the process. Between February 2016 and June 2018, the Committee held 11 meetings and heard from 31 witnesses, including the President of the Treasury Board; officials from the TBS, the Privy Council Office, Finance Canada and Transport Canada; the Office of the Auditor General of Canada (OAG); the Office of the Parliamentary Budget Officer (PBO); experts from Chartered Professional Accountants of Canada (CPA Canada); and government representatives from the United Kingdom, Australia, and Ontario. In addition, the Committee devoted six meetings, between April and June 2018, to examining the 2018–2019 Main Estimates, during which it considered recent changes to the estimates process. The full list of witnesses can be found in Appendices A, B, and C.

---

4 Justin Trudeau, Prime Minister of Canada, *President of the Treasury Board of Canada Mandate Letter (November 12, 2015)*.



## CHAPTER 1: ALIGNING THE FEDERAL BUDGET AND THE MAIN ESTIMATES

---

*“[O]ne of the benefits we see [in the U.K.] in aligning the estimates, the budgets, and ultimately the financial accounts is that it has improved transparency. It is easier to track the Treasury's expenditure plans.”*

Michael Sunderland,

Acting Deputy Director, Government Financial Reporting,  
Her Majesty's Treasury, 14 June 2016

While the federal government outlines its spending and tax measures in its annual budget, it presents its spending plans in estimates documents for parliamentary approval. In the past, measures announced in the federal budget were not included in the main estimates; instead, they were presented in supplementary estimates. According to the testimony the Committee heard, this lack of alignment between the federal budget and the main estimates was due to the following two challenges:

- the timing of the presentation of the federal budget and the tabling of the main estimates (the main estimates were prepared before the federal budget was presented); and
- the lack of collaboration between the Department of Finance, which is responsible for the preparation of the federal budget, and TBS, which is responsible for the preparation of the estimates documents.

To reach a better alignment between the federal budget and the main estimates, the federal government introduced temporary changes to the *Standing Orders of the House of Commons*. These changes delayed the tabling of the main estimates so that they would follow the federal budget rather than precede it. The present chapter presents the main components of the parliamentary financial cycle before discussing the challenges identified by witnesses and the temporary changes implemented.

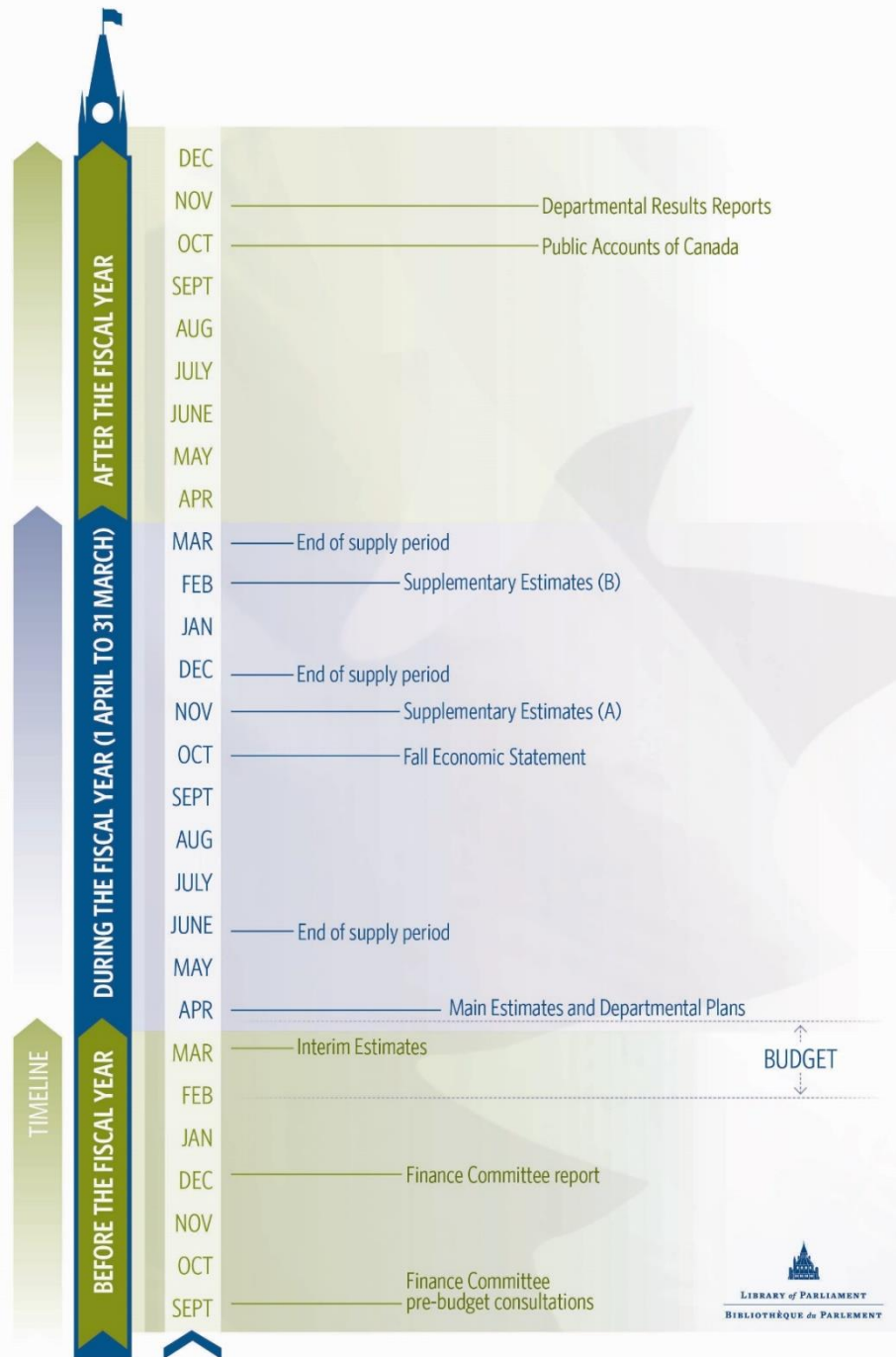
Among its fundamental roles, Parliament must review and approve the federal government's taxation and spending plans. As described by Scott Brison, President of the Treasury Board, “[t]he ability to exercise oversight over government spending is the most important role that ... parliamentarians can play in representing Canadians.”

## **1.1 MAIN COMPONENTS OF THE PARLIAMENTARY FINANCIAL CYCLE**

Michael Ferguson, Auditor General of Canada, discussed the three main components of the parliamentary financial cycle. He explained that the federal budget and the estimates are the first two steps in the government's financial reporting and accountability cycle, while the public accounts of Canada end that cycle. Figure 1 presents the current parliamentary financial cycle and shows which activities occur before, during or after the fiscal year, which begins on 1 April and ends on 31 March.



**Figure 1—The Parliamentary Financial Cycle**





The federal budget outlines the government's taxation and spending priorities for the fiscal year to come. Although there is no obligation for the government to prepare a budget and no fixed budget date, the Minister of Finance usually releases a budget in February or March.

The government tables the main estimates in the House of Commons to obtain authorization to spend public funds for the current fiscal year. Under the temporary measures, applied to fiscal years 2018–2019 and 2019–2020, these estimates must be tabled no later than 16 April. Previously, the deadline had been 1 March. The main estimates outline the spending plans of each federal organization along with items that will be part of the appropriation bill for Parliament's approval. [Minister Brison](#) clarified that "the details involved in the main estimates are far greater than those in the budget. A budget gives a general view and a perspective ... but the details come out [in the estimates]." [Brian Pagan](#), Assistant Secretary, Expenditure Management, TBS, commented that

[t]he estimates are clearly essential to the proper operation of government. They form the basis of parliamentary oversight and control, reflect the government's spending priorities, and serve as the principal mechanism for establishing reports on plans and results.

In discussing the different scope of the budget and the estimates, [Minister Brison](#) acknowledged that "parliamentarians need to be able to compare items in the budget and estimates."

[Nicholas Leswick](#), Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance, explained that the estimates, unlike the federal budget, do not include all government spending, such as expenditures related to employment insurance, tax expenditures (i.e., refundable tax credits), Crown corporations' expenses and revenues credited to the vote.

## 1.2 IMPROVING THE ALIGNMENT OF THE PROCESSES

As previously explained, some witnesses identified the timing of the federal budget and the tabling of the main estimates as one of the main challenges contributing to the lack of alignment between the documents. Several witnesses cited this misalignment as being a significant challenge to financial transparency. They pointed out that it prevents Parliament from scrutinizing the government's entire spending plans at the beginning of the fiscal year when it examines the main estimates.



[Yaprak Baltacioglu](#), Secretary of the TBS, explained that programs and initiatives included in the estimates documents require a greater level of detail and preparation than they do in the federal budget. According to [Mr. Pagan](#), departments and agencies develop Treasury Board submissions for new initiatives, which include program terms and conditions, the number of human resources required, the expected results, the success indicators, the partners involved, and the contracts needed, if any. During the Treasury Board submission process, departmental costings and program details are scrutinized to ensure that departments and agencies are ready to implement the programs once Parliament approves the funds. Moreover, Treasury Board must approve these submissions before they appear in the estimates documents that Parliament approves. Items included in Vote 40, however, had not yet gone through Treasury Board submission process and had not yet been approved by Treasury Board, but were nonetheless presented in the main estimates for 2018–2019.

[Mr. Pagan](#) informed the Committee that the delay between the budget measure being announced and Treasury Board approval varies depending on the initiative and whether it involves detailed discussions and negotiations with other parties. It is not uncommon to see budget items from the previous year's budget in subsequent supplementary estimates. For example, the Department of Global Affairs' International Education Strategy was announced in the 2013 federal budget tabled in March of that year, but the department began to receive funding for that strategy some 19 months later under the 2014–2015 Supplementary Estimates (B), which were approved in December 2014.<sup>5</sup>

[Mostafa Askari](#), Assistant PBO, pointed out that Treasury Board's due diligence takes place after the federal budget is tabled, unlike in Australia where the budget measures are scrutinized by the Treasury before the tabling of the budget because of prior coordination between the Department of Finance and the Treasury. As a way to improve the alignment of the federal budget with the main estimates, [he](#) suggested integrating the Cabinet approval process with the Treasury Board submission process, as is the case in Australia and Ontario. Currently, the Cabinet process takes place before the federal budget is tabled and, once completed, the Treasury Board submission process begins.

In response to a question, [Alex Smith](#), Financial Analyst, Office of the PBO, said that the creation of an expenditure review committee would be a way to align the Department of Finance and Treasury Board processes. He indicated that this could lead to a full integration of the federal budget and the main estimates, which could then be presented at the same time.

---

5 Government of Canada, [Empowering parliamentarians through better information](#).

### 1.3 BETTER COLLABORATION BETWEEN DEPARTMENTS

Several witnesses discussed the need for closer collaboration between the Department of Finance and TBS to achieve a better alignment of the federal budget and the estimates. For example, [Jean-Denis Fréchette](#), PBO, indicated that substantial reforms to the budgetary approval processes of the Department of Finance and Treasury Board would be required to reach a proper alignment. He added that, in fiscal year 2016–2017, many of the budget spending measures included in the supplementary estimates had either less or more spending attached to them than was indicated in the federal budget, since departments refined the forecast costs once they developed the programs and initiatives for the Treasury Board submission process. According to [Jason Jacques](#), Director, Economic and Fiscal Analysis, Office of the PBO, the government should prioritize fixing internal processes and increasing the collaboration between the Department of Finance and TBS.

[Mr. Leswick](#) acknowledged that greater collaboration between the Department of Finance and TBS would be required to table a federal budget at the same time as the main estimates, as the two documents are prepared by different departments. However, he added that there is already a certain degree of collaboration between the two departments, which are located in the same building. [Minister Brison](#) echoed that view and said that improving the alignment of the federal budget and the estimates is an opportunity to deepen that collaboration. He pointed out that cooperation has increased in recent years; as an example, he said that 70% of the initiatives in the 2016 federal budget were included in the *Supplementary Estimates (A), 2016–17*, which is a significant increase from the previous year. [Mr. Pagan](#) mentioned that both departments are working on deepening the coordination of the budgetary and the Treasury Board approvals. Finally, [Ms. Baltacioglu](#) highlighted that through this increased collaboration, officials remain nonetheless bound by budget secrecy.

In Australia, [Ms. Baltacioglu](#) explained, the Treasury and the Department of Finance work together from the very beginning of policy and program development, which allows the government to table the budget and the estimates at the same time. She noted that Canada should do the same and that it is the federal government's goal.

### 1.4 NEW DEADLINE FOR THE MAIN ESTIMATES

As a solution to the lack of alignment between the federal budget and the main estimates, in [Empowering parliamentarians through better information](#) TBS proposed delaying the tabling of the main estimates from no later than 1 March to no later than 1 May, so that these estimates would be prepared after the federal budget and would



include budget measures. According to [TBS](#), this “would facilitate a more coherent presentation of information to Parliament through the Budget and Main Estimates.” This delay required changing the [Standing Orders of the House of Commons](#). However, in response to some parliamentarians’ concerns (explained in the next section), the new deadline for the tabling of the main estimates was revised to 16 April for the duration of the 42<sup>nd</sup> Parliament.

In response to questions, [Minister Brison](#) explained that the main estimates are subject to the *Standing Orders of the House of Commons*, while the federal budget is exclusively the purview of the Minister of Finance. Therefore, the President of the Treasury Board can, in conjunction with Parliament, delay the tabling of the main estimates, but has no control over the federal budget. [Mr. Pagan](#) added that the Department of Finance requires flexibility regarding the timing of the federal budget to take advantage of the best available information in setting the economic forecasts. This is why, over the last 10 years, there have been variations in the timing of the federal budget. [Minister Brison](#) echoed this view by stating that “any government needs to maintain a certain level of flexibility to introduce a budget if there’s an external shock to the economy.”

However, [Mr. Askari](#) referenced the Committee’s 2012 report on the estimates process, in which it was recommended that the government present a budget on a fixed date, and said he saw no reason for not doing so. He added that fixing the date for the tabling of the main estimates, without doing the same for the federal budget, creates a challenge for aligning the two documents.

[Mr. Pagan](#) explained that tabling the main estimates by 1 March only allows the document to reflect Treasury Board funding decisions made up to the end of January. Although there are no requirements as to the date for the tabling of a federal budget in the *Standing Orders of the House of Commons*, the *Financial Administration Act* or the *Constitution Acts, 1867 to 1982*, Mr. Pagan pointed out that the federal budget is usually tabled between mid-February and mid-March; therefore a 1 March deadline “precludes any ability to reflect budget items in the main estimates.” He added that “[t]his in itself presents a fundamental challenge and incoherence in terms of understanding the budget and estimates process.”

Some witnesses described the potential benefits of delaying the tabling of the main estimates. For example, [Mr. Pagan](#), said that it could result in a more coherent sequencing of the documents, a timelier implementation of budget spending measures, the ability to reconcile the main estimates to the federal budget, and the possibility of eliminating a supplementary estimates exercise in the spring. [He](#) also said that the costs associated with the changes would be negligible. [Mr. Smith](#) commented that aligning the

federal budget and the main estimates would be an advantage for the government, as it could implement initiatives earlier in the fiscal year.

In [Mr. Leswick's](#) view, aligning the government's spending plans and making the federal budget and estimates coherent would require that a substantive costing of new initiatives be completed before they enter the budget process. This could reduce the turnaround time between budget approval and Treasury Board approval, and allow new budget measures to be included in the main estimates. [He](#) commented that "the system is nimble enough to start to establish more discipline up front so that when new programs and initiatives are brought into the budget process, they have some sort of substantive costing attached to them." [He](#) added that delaying the tabling of the main estimates might allow budget measures to be included in the main estimates, but only if the federal budget is presented early enough.

## 1.5 TEMPORARY CHANGES

*"The ultimate coherence is the benefit or the ability to table a budget document and an estimate document that are inclusive and linked."*

[Nicholas Leswick](#),  
Assistant Deputy Minister, Economic and Fiscal Policy Branch,  
Department of Finance 14 June 2016

Some parliamentarians and stakeholders voiced concerns that delaying the tabling of the main estimates would weaken parliamentary oversight, as less time would be available to study them. As a result, the deadline for the tabling of the main estimates was temporarily changed to no later than 16 April, from the originally proposed 1 May, for the duration of the 42<sup>nd</sup> Parliament. On 20 June 2017, the House of Commons adopted a [motion](#) which contained amendments that:

- change the timing of the tabling of the main estimates from on or before 1 March to on or before 16 April;
- extend the period for standing committees to review the main estimates from 31 May to 10 June;
- extend the timeline for the Leader of the Opposition to select the main estimates of two departments for consideration by a Committee of the Whole House from 1 May to 8 May, as well as the associated timeline for



the consideration of these estimates by a Committee of the Whole House; and to give notice of a motion to extend the consideration of a department's main estimates from 31 May to 10 June;

- change the references from "interim supply," which are based on the coming fiscal year's main estimates, to "interim estimates," which are based on the nearly completed fiscal year's main estimates; and
- refer interim estimates to standing committees for their consideration and which shall report not later than three sitting days before the final sitting or the last allotted day in the period ending not later than 26 March.

Figure 2 presents those temporary changes.

**Figure 2—Changes to the Parliamentary Financial Cycle**

ITEM	PREVIOUS TIMELINE	NEW TIMELINE
Main Estimates	<b>1 March</b> (approved in late June)	<b>16 April</b> (approved in late June)
Interim Supply/Estimates	Interim supply, based on the coming year's main estimates (approved in late March)	Interim estimates, based on the previous year's main estimates (approved in late March)
Selection of two departments for consideration by committees of the whole	<b>1 May</b>	<b>8 May</b>
Notice of a motion to extend consideration of a department's main estimates	<b>31 May</b>	<b>10 June</b>
Committees report on the main estimates or are deemed to have reported	<b>31 May</b>	<b>10 June</b>
Spring Supplementary Estimates	Tabled in early May—called supplementary estimates (A)	No longer required—the fall supplementary estimates will be supplementary estimates (A)
Budget	No date specified	No date specified

In response to a question, [Mr. Pagan](#) confirmed that delaying the tabling of the main estimates has no impact on the number of allotted supply days in the House of Commons, as these are negotiated by the government and the opposition.

Commenting on the temporary changes, [Mr. Fréchette](#) said that “alignment could be extremely difficult if there is no change of culture inside the public service itself in terms of providing data”, and that he does not see what incentive would lead to that change, especially in the context of a two-year changeover. [Minister Brison](#) acknowledged that “[i]t does take time to change processes and cultures within government broadly, but also within departments and agencies.” [He](#) clarified, however, that the new timeline would drive a much closer working relationship between the Department of Finance and



TBS, which would result in a closer alignment between the federal budget and the main estimates.

### 1.5.1 First Fiscal Year under the Temporary Changes

Fiscal year 2018–2019 is the first fiscal year under the new process, with the deadline for the tabling of the main estimates for that year set at 16 April 2018. In addition to the main estimates, the government also presents supplementary estimates. Before the temporary changes, the government used to present three supplementary estimates during the fiscal year—in May, November and February—for unanticipated spending needs or measures announced in the federal budget. The supplementary estimates are each designated by an alphabetical letter. Like the main estimates votes, supplementary estimates votes are referred to House of Commons standing committees for consideration and must be approved by Parliament before the end of the relevant supply period. Due to the temporary changes, the spring supplementary estimates were eliminated. Therefore, the first supplementary estimates in fiscal year 2018-2019 were tabled on 24 October 2018 and designated with the letter A.

The U.K. government has also reduced its number of supplementary estimates and currently only has one. According to [Michael Sunderland](#), Acting Deputy Director, Government Financial Reporting, Her Majesty's Treasury, this reduction was done to diminish the administrative burden and to make the process more efficient. [He](#) added that having only one opportunity to ask Parliament to change the total expenditures after the main estimates put the onus on departments to carefully plan and use their resources.

The federal government needs funds with which to operate from the beginning of the fiscal year on 1 April until Parliament approves the main estimates at the end of June. Previously, funds were allocated through the interim supply process, which usually gave organizations three twelfths of the amounts presented in the main estimates for the coming year. With the new timeline for the main estimates, Parliament approves funding for the first three months of the fiscal year during the supply period ending 26 March through interim estimates, which “are based on the previous year’s main estimates, with adjustments, and referred to committees for review.”<sup>6</sup> In October 2016, [Mr. Pagan](#) explained that this is due to the fact that the main estimates would not yet be tabled.

---

6 Alex Smith, [Aligning the Budget and the Main Estimates — Recent Changes to the Parliamentary Financial Cycle](#), Library of Parliament, Ottawa, 27 February 2018.



[Mr. Jacques](#) explained that interim estimates are prepared in December of the preceding year, according to the TBS internal guidelines, which means that it would be challenging to base them on the current year's main estimates. [Mr. Pagan](#) assured the Committee that TBS would work with departments and agencies to identify specific funding needs in the first three months of the fiscal year and would adjust the amounts presented in the interim estimates accordingly.

However, according to [Mr. Smith](#), that the funds provided to departments and agencies for the first three months of the year will not be based on spending of that fiscal year put parliamentarians at a disadvantage. Interim estimates are referred to standing committees for review, but as noted by [Mr. Smith](#), it could be challenging to question ministers and officials on them when the information is about the expiring fiscal year.

## 1.6 OTHER JURISDICTIONS

Minister Brison and his officials referred to the Australian model as a gold standard. Like Canada's Parliament, the Australian Parliament is bicameral. It is composed of a House of Representatives and a Senate.

The budget policy division within Australia's Treasury provides the Treasurer with advice on the fiscal outlook and the budget strategy; preparation of the estimates according to external accounting standards; and management of the balance sheet. The division also advises the Treasurer on appropriate budgetary reporting arrangements and has responsibility for ensuring that the budget and other fiscal reports are prepared in a timely and efficient manner. Governance & APS Transformation within Australia's Department of Finance consolidates budget updates and contributes to the preparation of the budget statements. The text box below describes the Australian model.

### ***Australia's Budget Cycle***

*Australia's fiscal year starts 1 July and ends 30 June, while its budget cycle begins ten months prior to the start, in September. The budget cycle contains several elements, and the main ones are described below.<sup>7</sup>*

### ***Before the Fiscal Year***

*As stated, Australia's budget cycle usually starts in September when the Treasurer (the member of Cabinet responsible for presenting the Commonwealth Budget to Parliament) and the Minister for Finance provide a submission to the Cabinet on the process and timetable of the forthcoming budget.*

---

7 Jon Blöndal, "[Budgeting in Australia](#)," *OECD Journal on Budgeting*, Vol. 8, No. 2, Paris, 2008, pp. 24–31.



*In November, the three central agencies (Department of the Prime Minister and Cabinet, the Treasury, and the Department of Finance) review all proposals submitted by portfolio ministers before they are vetted by the Strategic Priorities and Budget Committee, which is composed of the Prime Minister, the Deputy Prime Minister, the Treasurer, and the Minister for Finance.*

*During January and February, portfolio ministers prepare their respective submissions along with complete costings for the proposals that are agreed to by the Department of Finance. The Department of Finance prepares a “Green Brief” for each submission, which summarizes the proposal, provides all available information on the proposed measure, and includes the Department of Finance’s perspective.*

*In March, the Expenditure Review Committee (ERC), a sub-committee of Cabinet,<sup>8</sup> decides which proposals will get funding and their respective level of funding. In April, all the decisions made by the ERC on the new proposals are discussed and considered by the full Cabinet.*

*The budget is presented simultaneously by the Treasurer to both houses of Parliament on “Budget Night,” which is traditionally the second Tuesday in May. It is important to note that there is no fixed budget date in law, regulation or parliamentary rule. Parliament has less than two months to scrutinize and to approve the budget before the new fiscal year starts.<sup>9</sup> [Stein Helgeby](#), Deputy Secretary, Governance & Australian Public Service (APS) Transformation, Department of Finance, Australian Government, explained that Australia’s appropriations and estimates are fully integrated and that one set of documents is produced and presented on budget night.*

#### ***During the Fiscal Year***

*Since funding requirements can change after the budget is presented in May because of new policy commitments from the government or following a reassessment of funding requirements from the agencies, the government can provide additional funding through the additional estimates process, which starts around November of the budget year.<sup>10</sup>*

#### ***After the Fiscal Year***

*In September, the Final Budget Outcome (FBO) that contains the general government sector fiscal outcomes for the financial year is tabled for the year that ended on 30 June. Under the [Charter of Budget Honesty Act 1998](#), the Treasurer “has to release publicly and*

---

8 Australian Government, [Budget 2010–11: Frequently Asked Questions](#).

9 Before the 1993–1994 budget that introduced the current timing, the budget was introduced in August, therefore after the beginning of the fiscal year, and the appropriation bills were passed by the end of November. For more information, see: Jon Blöndal, “[Budgeting in Australia](#),” *OECD Journal on Budgeting*, Vol. 8, No. 2, Paris, 2008, p. 36.

10 Richard Webb, [The Commonwealth Budget: process and presentation](#), Research Paper no. 16, Parliamentary Library, Parliament of Australia, 27 April 2010, p. 5.

*table an FBO report for each financial year no later than three months after the end of the financial year.”<sup>11</sup>*

As noted in the Organisation for Economic Co-operation and Development (OECD) paper, *Rationalising government fiscal reporting: Lessons learned from Australia, Canada, France and the United Kingdom on how to better address users' needs*, several countries around the world, including Canada, have undertaken budget and financial management reforms over several decades to “modernise, enhance accountability and improve decision making in the public sector.” Even the Australian appropriation framework, which is considered by many as the gold standard of public financial accountability, was described as being very complex by Mr. Helgeby. According to him, there is room for further simplification and streamlining of the Australian appropriation framework. He added that “the problem everyone has in the system now is how to really look through the volume to look to those things that really matter.” In his view, the challenge is to follow through with the information presented. Therefore, the Australian government is focusing on tightening up “the relationships between different types of information to make it more useful to Parliament and to the people.”

Mr. Sunderland explained that “most countries are trying to strike a balance that enables them to have firm control over their public expenditure while providing some rigorous transparency to their parliaments for the expenditure they've undertaken.” He noted that parliamentarians have different needs and levels of expertise. While detailed financial reports, budgetary proposals and estimates might be useful to some parliamentarians, others could find the information far too detailed and impenetrable. A challenge faced by the U.K. and other countries is to present highly technical financial information in a way that is easily digestible for parliamentarians who have no financial background and limited time to analyze fiscal reports. He added that the U.K. government produces a high volume of financial information to be as transparent as possible, but that it comes with a risk of overwhelming parliamentarians.

Greg Orencsak, Deputy Minister, Treasury Board Secretariat of Ontario, told the Committee that accountability and transparency are fundamental to Ontario's financial reporting practices. He stated that this was achieved through reporting that is both regular and consistent. He highlighted that “[a]ccountability and transparency is not an end state; it's something we are always looking to build on and improve to respond to the demands and requirements of the public and the legislature.” Chris Giannikos,

---

11      *ibid.*, p. 6.



Associate Deputy Minister, Infrastructure Plan, Ministry of Infrastructure of Ontario,<sup>12</sup> said that the introduction of a financial accountability officer has added transparency to Ontario's estimates process. This officer comments on provincial financial documents in a similar way to what the PBO does at the federal level.

[Stephenie Fox](#), Vice-President, Standards, CPA Canada, commented that — in contrast to the federal government — at the provincial level, the budget and the estimates are mostly prepared by the same department. Although this is not the case in Ontario, [Mr. Orencsak](#) indicated that Ontario's Ministry of Finance and Treasury Board Secretariat have a long history of collaboration both in the development and implementation of the government's fiscal plan. [He](#) commented that in Ontario, the estimates are developed in conjunction with the budget process. [Mr. Giannekos](#) added that “the synchronization between the estimates and the budget relies on a very in-depth collaboration between the two organizations ... It is very integrated. It is not a relay sort of arrangement, but an arrangement that takes place together throughout the whole year.”

## 1.7 STRIKING THE RIGHT BALANCE

Some witnesses made the point that it is crucial to strike a balance in the way information is communicated to parliamentarians. That is, the information must be both detailed and easily understood.

[Mr. Leswick](#) conceded that Canadian public servants struggle to make the estimates user-friendly. According to [Minister Brison](#), “[e]very member of Parliament, and Canadians in general, should understand a process that is simple and is easier to understand. The process should be something that we can describe to any Canadian, both in terms of the sequencing and departmental reports.” [He](#) indicated that the current system is not designed to be understood and that change is required to strengthen parliamentarians' ability to hold government to account on its spending.

[Mr. Pagan](#) observed that on many occasions parliamentarians have said that “they are unable to perform their role of examining the estimates to ensure adequate control.” He blamed the “incoherent nature” of the budgetary process, which leads to budget measures not being included in the main estimates. He added that “[e]stimates funds are hard to understand and reconcile, and reports are neither relevant nor instructive.”

---

12 Chris Giannekos used to be the assistant deputy minister for the Office of the Budget in Ontario's Ministry of Finance.

[Mr. Ferguson](#) informed the Committee that through performance audits his office has identified the need to make more information available to parliamentarians as part of the estimates process. He explained, as an example, that in the “Chapter 3—Interest-Bearing Debt” of the [Spring 2012 Reports of the Auditor General of Canada](#), the OAG recommended that the unfunded pension liability of public sector pension plans be reported more comprehensively in the estimates documents. He reported that the government listened to his recommendation and has started to do so. Finally, [he](#) added that the main estimates should present the entire financial requirements of federal organizations, including the funds they request for their expenses and their projected revenues<sup>13</sup> during the fiscal year.

## 1.8 NEXT STEPS

[Minister Brison](#) explained that federal departments need flexibility and time to implement the changes to the estimates process, as the federal government is a large, complex group of organizations and it will take at least a couple of budget cycles to realize the full potential of the changes. [He](#) also said that “[a]s the departments become accustomed to this new timing and sequencing, there will be a tightening of budget and estimates timing over time that will operationalize as a result of greater efficiency.” In the same vein, [Ms. Baltacioglu](#) said that the first federal budget under the new timeline would be a catch-up and that 2019 would be the “first and only year to get the whole system aligned and work the kinks out of it.”

The OECD publication, [Legislative capacity to ensure transparency in the budget process](#), reports that the vast majority of OECD countries approve the budget prior to the start of the fiscal year. The OECD best practices for budget transparency state that the budget should be tabled no less than three months prior to the beginning of the fiscal year. [Mr. Smith](#) said that, according to these best budgeting practices, Parliament should vote on the budget prior to the fiscal year before the government begins to spend funds and it becomes difficult to make changes.

[Minister Brison](#) indicated that he would like to see the main estimates tabled by 1 April, and that his gold standard is the Australian model, where the budget and the estimates are presented concurrently. In June 2017, [Mr. Askari](#) said that the government had not

---

13 For example, Canada Post Corporation asks Parliament for a little over \$22 million in annual funding to provide certain federal government programs, such as parliamentary mail and postage-free material for the blind. While the estimates documents present the amount Canada Post Corporation requests for federal government programs, it does not provide any information regarding the Corporation’s projected revenues and expenses.



presented a plan to parliamentarians explaining the steps TBS will take to align the federal budget and the main estimates.

## 1.9 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

The Committee notes that the government has introduced significant changes in an effort to make financial reporting more transparent and easier to understand. For example, it has included additional accrual accounting information in some of its financial reports; it has begun reconciling the estimates and the federal budget by including detailed supplementary tables that link budget measures with planned estimates; and it has taken steps to better align the timing of the federal budget and the main estimates.

The Committee agrees with the witnesses it heard that the estimates process is very complex and that it needs to be simplified so that it can be easily understood by parliamentarians from various backgrounds as well as the Canadian public. It encourages the federal government to find ways to simplify the process while emulating the best practices implemented in other jurisdictions, including Australia, and ensuring that the process remains transparent so that Parliament can properly scrutinize government spending plans. It believes that closer collaboration and cooperation between the Department of Finance and the Treasury Board Secretariat is required for the federal budget and the main estimates to be presented at the same time. The Committee encourages the federal government to explore the integration of the Cabinet budgetary approval and Treasury Board submission processes.

The Committee recognizes that there are various independent resources, including the Library of Parliament, the Office of the Parliamentary Budget Officer, and the Office of the Auditor General of Canada to help parliamentarians and the Canadian public understand, scrutinize and analyze the estimates and related documents.

While the Committee agrees that the federal budget and the main estimates should be fully aligned, it believes that Parliament's ability to scrutinize the government's taxation and spending plans should not be reduced, as parliamentary oversight is essential. Therefore, parliamentary committees and committees of the whole must have sufficient time to study the main estimates.

The government temporarily put in place, for two cycles, a new deadline for tabling the main estimates and other changes to the estimates process. This will allow the Department of Finance and the Treasury Board Secretariat to determine if these temporary changes will enable Treasury Board to approve budget measures in time for

them to be included in the main estimates. It will also allow parliamentarians to ensure that the changes do not affect their ability to scrutinize government spending. However, some members expressed concern that the temporary changes would undermine parliamentary scrutiny of the government's spending plans.

Since the House of Commons Standing Committee on Government Operations and Estimates has a mandate to study the process for considering the estimates and supply and the format and content of all estimates documents, among other things, it is best suited to study changes made to the estimates process. The Committee therefore believes that it should study the impact of the new timeline for the tabling of the main estimates before the changes to the *Standing Orders of the House of Commons* are made permanent.

Although the President of the Treasury Board and his officials stated that the Australian estimates process represents the gold standard, since their budget and estimates are presented concurrently, they did not explain to the Committee how Canada would implement an estimates process similar to Australia's.

Moreover, the Committee believes that the Department of Finance and the Treasury Board Secretariat should work together to integrate their processes so that budget measures can obtain Treasury Board approval before they are included in the main estimates.

Consequently, the Committee recommends:

**Recommendation 1**

**That the House of Commons refer the impact of the budget implementation vote, the new timeline for the tabling of the main estimates, and the temporary changes made to the *Standing Orders of the House of Commons* to the Standing Committee on Government Operations and Estimates for review before making the changes permanent.**

**Recommendation 2**

**That the Government of Canada present a concrete and detailed plan to table the budget and the main estimates concurrently, with consistent information.**

**Recommendation 3**

**That the Government of Canada reform its processes so that Cabinet and Treasury Board approval of budget measures are done in tandem in order for these measures to be**



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

**included in the main estimates and to ensure the alignment of the budget and the main estimates.**



## CHAPTER 2: A NEW CENTRAL BUDGET IMPLEMENTATION VOTE

---

*“In a perfect world, all the measures in the budget would be fully and perfectly aligned with the main estimates, as is the case in Australia, where Parliament's approval is very easy and transparent.”*

Jean-Denis Fréchette,

Parliamentary Budget Officer, 8 May 2018

### 2.1 BUDGET IMPLEMENTATION VOTE

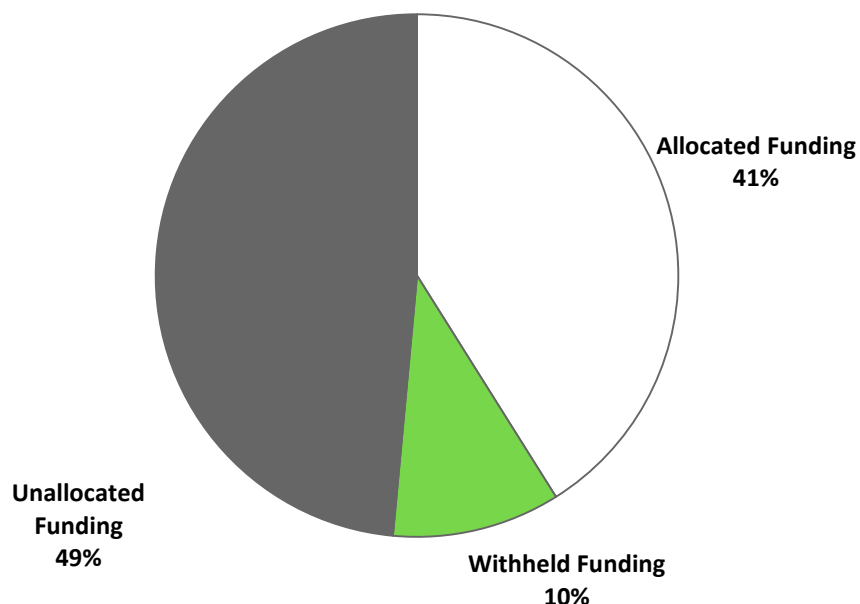
In its [2017–2018 Departmental Plan](#), TBS indicated that it planned to include all (100%) budget initiatives in the next available estimates by 31 May 2018. As the 2018 federal budget was tabled on 27 February 2018, the next available estimates were the main estimates for 2018-2019, which were tabled on 16 April 2018. To reach that target and align the federal budget and the main estimates, a new central vote was introduced in the main estimates for 2018-2019 “Vote 40—Budget Implementation” in the amount of \$7,040,392,000. This budget implementation vote is a central vote managed by TBS and represents the planned spending in 2018-2019 on initiatives announced in the 2018 federal budget. The vote includes a breakdown of amounts by federal organization, although the amount to be approved by Parliament is the total \$7-billion vote. The amounts included in the budget implementation vote were determined through the Department of Finance’s federal budget exercise, with input from federal departments and agencies. Once the budget measures go through the Treasury Board submission process, then the amounts will be allocated from the TBS central vote to individual organizations.

In response to a member’s question about how and when the central Vote 40 was developed, [Mr. Pagan](#) explained that the creation of a central vote for budget measures came about after the temporary changes made to the House of Commons’ Standing Orders in June 2017. He added that TBS worked with the Department of Finance to identify options to include all budget measures in the main estimates, but that the 16 April deadline for the tabling of the main estimates limited the number of available options.



In its 2018 budget, the federal government added “Table A2.11—Budget 2018 Measures by Department” as new supplementary information. This table presents financial forecasts for initiatives announced in the 2018 budget broken down by department and agency for the next five fiscal years. The column for 2018–2019 was added as an annex to the main estimates for 2018–2019. In addition, a new table—[\*Sources and Uses of the Budget Implementation vote by Department\*](#)—was added to the main estimates for 2018–2019. The table presents funding by organization from the 2018 federal budget, including allocated funding transferred from the Treasury Board budget implementation vote to an organization’s votes for operating or capital expenditures, grants or contributions upon approval of the main estimates by Parliament. [\*Minister Brison\*](#) told the Committee that the new table will be updated every month to reflect the funding allocated to departments and agencies through Vote 40. Since 16 April 2018, the new table has been updated every month and as of 31 October 2018, \$2.9 billion had been allocated. Figure 3 shows, in percentage, the funding allocated, withheld and unallocated.

**Figure 3—Budget 2018 Measures Funded through the 2018–2019 Main Estimates**



Source: Figure prepared using data obtained from Treasury Board Secretariat, [\*Sources and Uses of the Budget Implementation vote by Department\*](#), updated 31 October 2018.

[Mr. Pagan](#) explained that when the main estimates for 2018–2019 were tabled on 16 April 2018, Treasury Board had had very few opportunities to approve budget initiatives because of the parliamentary calendar. Treasury Board does not usually meet during parliamentary breaks, which makes it difficult to approve budget measures. The result was that, as of 16 April 2018, only 11 organizations<sup>14</sup> had been allocated a total of \$221.1 million for 13 measures under Vote 40.<sup>15</sup> This amounts to just 3.1% of the total \$7.0 billion included in the budget implementation vote.

[Mr. Pagan](#) went on to point out that part of the funds forecast for budget measures have been withheld for some initiatives, as reported in the *Sources and Uses of the Budget Implementation Vote by Department* table. According to him, these funds are expenditures that will be made through other authorities, such as statutory expenditures for employee benefits plans or amounts set aside to cover the costs of office accommodation and information technology services. However, statutory expenditures are usually not included in the estimates votes; they are presented in the estimates documents for information purposes only.

[Minister Brison](#) said that “[f]or the first time in recent history, the main estimates include 100% of the measures announced in the budget for this year [2018]”. He noted that “[t]his is a major step forward, ... made possible, in part, by changing the tabling date of the main estimates to mid-April, after the budget.” According to him, “[a]s a result, parliamentarians now have a document that is relevant and complete, so that they can better hold government to account on how it spends taxpayer dollars.”

However, in his report [The Government’s Expenditure Plan and Main Estimates for 2018-19](#), the PBO states that

[t]he Government’s approach to funding Budget 2018 initiatives provides parliamentarians with information that only marginally supports their deliberations and places fewer controls around the money it approves.... [v]irtually none of the money requested in the new Budget Implementation vote has undergone scrutiny through the standard Treasury Board Submission process.

---

14 These 11 organizations are: Canadian Food Inspection Agency, Department of Finance, Department of Fisheries and Oceans, Department of Foreign Affairs and International Trade, Department of Indigenous Services Canada, Department of Industry, Department of Natural Resources, Department of the Environment, Department of Transport, National Research Council of Canada, and Office of the Commissioner for Federal Judicial Affairs.

15 Government of Canada, [Allocations from Treasury Board Central Votes](#).



[Mr. Fréchette](#) said that “[i]n a perfect world, all the measures in the budget would be fully and perfectly aligned with the main estimates, as is the case in Australia, where Parliament's approval is very easy and transparent.”

Furthermore, in his report on the main estimates for 2018–2019, the PBO indicated that “it is unclear that the proposed vote wording would restrict the Government to funding each Budget 2018 measure in the amount set out in the Budget Plan for each Department and Agency, rather than changing the allocations across any initiative mentioned in Budget 2018.” In [Mr. Fréchette's](#) view, it is imperative that the wording of a new central vote align with parliamentary procedure, as parliamentarians can only amend a vote by reducing its funding.

[Minister Brison](#) indicated that the government is bound by the line-by-line allocations presented in the annex to the main estimates for 2018-2019 and could therefore not exceed these allocations without approval from Parliament. Any additional funding would be requested in subsequent supplementary estimates. He said that to provide clarity, the departmental allocations presented in the annex will be listed in the appropriation bill associated with the main estimates for 2018-2019. [Mr. Fréchette](#) supported that initiative. [Mr. Askari](#) agreed that adding the allocations contained in the annex to the supply bill would be an improvement. He explained that without it parliamentarians would have voted on the total amount of Vote 40, and the allocations presented in the annex would not have been binding on the government. The appropriation bill for the main estimates, [Bill C-80](#), indicated that the funding was to supplement any appropriation of a department or other organization set out in Annex 1 to the main estimates for the fiscal year 2018–2019, and that the amount given could not exceed the amount set out in the annex.

Moreover, [Mr. Pagan](#) informed the Committee that if some funds in Vote 40 are not allocated to departments in fiscal year 2018–2019, they will be frozen and will lapse in the fiscal framework. If the funds are required in subsequent fiscal years, they will be identified in future estimates documents. In response to a question, [he](#) noted that unallocated funds from Vote 40 will be considered frozen allocations in the winter supplementary estimates and he provided assurances that those funds will not be reprofiled.

In his report on the main estimates for 2018–2019, the PBO also said that

[u]ltimately, parliamentarians will need to judge whether the Government's most recent efforts to align the Budget and the Estimates results in an improvement in their oversight role, and if they are willing to accept incomplete information and weaker

spending controls to help the Government to expedite the implementation of Budget measures.

Responding to the PBO's concern that Vote 40 does not allow sufficient oversight by Parliament, [Minister Brison](#) commented that "for the first time ever, when MPs are voting on the main estimates they will know, initiative by initiative, where the budget money is going. This is a huge step forward for parliamentary oversight." Moreover, he assured the Committee that monthly reports will be available on the TBS website showing departmental allocations approved by TBS and remaining balances for each budget initiative. Regarding these reports, [Mr. Fréchette](#) noted that they are imperative both for parliamentarians and the PBO to understand how this money is spent.

In defending Vote 40, [Mr. Pagan](#) said that TBS administers five other central votes amounting to \$5.2 billion for fiscal year 2018–2019. He added that, as opposed to these five central votes, Vote 40 is the only vote that "clearly identifies where the money is going by department, by initiative, and by dollar amount."

## 2.2 PARLIAMENTARY COMMITTEES

After their tabling in the House of Commons, estimates votes are referred to relevant House of Commons standing committees for review. Committees can approve, reduce or reject estimates votes before reporting on them to the House of Commons. During their study of the estimates, parliamentary committees invite ministers and officials from organizations within their portfolios to discuss their estimates. [Mr. Ferguson](#) commented that "[p]arliamentary committees play a crucial role in government accountability." In response to some members' concerns that ministers should be required to appear before parliamentary committees to defend their estimates, [Minister Brison](#) agreed that "[h]aving ministers before committee, when invited to discuss and defend their estimates, is a key part of holding government to account."

Some members of the Committee were concerned that this new vote totalling more than \$7.0 billion is referred to a single parliamentary committee, the House of Commons Standing Committee on Government Operations and Estimates, whereas before the change, budget initiatives were included in organizational votes and referred to different parliamentary committees according to their mandates. Table 1 presents the 10 largest budget measures included in the new \$7.0-billion central vote, which illustrates the range of initiatives that were referred to a single parliamentary committee. Even though every parliamentarian had the opportunity to vote on the supply bill, which included the new Treasury Board vote, only a few parliamentarians studied it in committee. On that point, [Mr. Pagan](#) argued that all parliamentary committees "can invite officials from any



department and ask any questions they want about the estimates process” during their study of the estimates. He added that upon the introduction of a supply bill, any parliamentarian can introduce a motion to reduce or negate an element of the new budget implementation vote.

**Table 1—Top Ten Budget Measures and Responsible Organization Included in the New Central Vote**

Budget Measure	Organization	Amount (\$ millions)
Service Income Security Insurance Plan and other Public Service Employee Benefits	Treasury Board Secretariat	554.0
Building More Rental Housing for Canadian Families	Canada Mortgage and Housing Corporation	447.2
Indigenous Health: Keeping Families Healthy in Their Communities	Department of Indigenous Services Canada	408.5
Stabilizing and Future Transformation of the Federal Government’s Pay Administration (Phoenix)	Department of Public Works and Government Services	306.8
Ensuring That Indigenous Children Are Safe and Supported Within Their Communities	Department of Indigenous Services Canada	294.8
Enabling Digital Services to Canadians	Shared Services Canada	278.1
Real Property Repairs and Maintenance	Department of Public Works and Government Services	275.0
Protecting Air Travelers	Canadian Air Transport Security Authority	240.6
New Fiscal Relationship: Collaboration with Self-Governing Indigenous Governments	Department of Indian Affairs and Northern Development	189.2
Additional Support for the Feminist International Assistance Policy Agenda	Department of Foreign Affairs, Trade and Development	160.5

Source: Table prepared using data from Treasury Board Secretariat, [2018–19 Sources and Uses of the Budget Implementation vote by Department](#), updated 10 August 2018.

As explained in the PBO report on the main estimates for 2018–2019, the difference with the new process is that most new budget items are included in the main estimates before the initiatives are fully defined, go through the Treasury Board submission process and are approved by the Treasury Board. Some members of the Committee

were concerned that ministers and officials were thus unable to answer specific questions regarding initiatives in Vote 40 during the Committee's study of the main estimates for 2018–2019. For instance, [Matthew Shea](#), Chief Financial Officer and Assistant Deputy Minister, Corporate Services, Privy Council Office (PCO), said that the \$745,000 allocation to PCO in Vote 40 for a new process for federal election leaders' debates is "a best estimate of what the work will cost in this fiscal year, knowing that the actual methodology of what they're going to do is still being designed." [He](#) added that PCO "do[es]n't have a plan as to the exact way the money will be spent," but that it "is an up-to amount that [PCO] would have to justify through a Treasury Board submission."

[Mr. Pagan](#) reiterated that the funds in Vote 40 are up-to amounts, in recognition that Parliament had to approve funds that have not gone through the Treasury Board submission process and therefore for which no plan was yet developed.

## 2.3 DEPARTMENTAL PLANS

The federal government presents departmental plans—previously named "reports on plans and priorities"—at around the same time as the main estimates. They establish the results that departments intend to achieve with the human resources they have and the funding they requested. These plans also provide information on the human and financial resources allocated to each program.

Since all budget measures are presented in the central vote administered by TBS rather than in the votes of relevant departments and agencies, the departmental plans of these departments and agencies did not provide information on budget measures. In his report on the main estimates for 2018–2019, the PBO noted that

[w]hile the Government has included a new Budget Implementation Vote for \$7.0 billion, the initiatives to be funded through this vote are not reflected in the departmental plans. Hence, there remains a lack of alignment between the Budget initiatives and planned results.

In a response to a question, [Mr. Askari](#) agreed that the fact that budget measures in Vote 40 were not reflected in departmental plans does not favour transparency and accountability. He said, however, that after they are approved, these measures would be discussed in subsequent departmental plans and departmental results reports. [Mr. Shea](#) indicated that PCO's initiative under Vote 40 for the creation of a new process for the federal election leaders' debates was not part of the agency's departmental plan because the report was written before the federal budget was approved. [Marty Muldoon](#), Chief Financial Officer, Finance and Administration Branch, Public Services and Procurement Canada, explained that the department could not report in its



departmental plan on budget initiatives in Vote 40 for the department as they were not part of the department's main estimates. [He](#) recognized that fiscal year 2018–2019 was an “awkward transitional year where not everything has been completely lined up.”

Some Committee members expressed concern that budget measures were grouped together under a single central vote instead of being presented in supplementary estimates and referred to different parliamentary committees according to their mandates. Of particular concern to some members was that budget measures were presented in the main estimates for 2018–2019 prior to being approved by Treasury Board. Furthermore, some members raised the challenge that funds were provided to departments and agencies for these budget measures prior to proper parliamentary examination, and that many of these measures will not be examined in parliamentary committees in the future. Some members of the Committee also pointed out that even if several Budget 2018 measures will be discussed in departmental plans for 2019–2020, some funds for these measures will have already been spent in the previous fiscal year. [Mr. Shea](#) confirmed that “[i]t’s not uncommon for departments to have items that come in after the departmental plan is done, and those items still have outcomes that must be [reported on].” [Mr. Pagan](#) pointed out that the new process is not that different from the previous one. Previously, budget items were presented in supplementary estimates and were therefore not included in the departmental plans, as those plans are prepared along with the main estimates. [He](#) acknowledged, however, that this “has always been a weakness of our system” that TBS was trying to address.

## 2.4 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Some Committee members voiced concerns about the new budget implementation vote, including:

- the fact the new vote is only referred to one parliamentary committee;
- other central votes administered by the Treasury Board Secretariat have neither the same scale nor the same content;
- Parliament was asked to approve funds that had not yet gone through the Treasury Board submission process and for which no plans had been developed; and
- new budget measures, all of which are in the budget implementation vote, are not part of departmental plans; therefore, when asked, some ministers and departmental officials could not answer specific questions



posed by parliamentarians on these initiatives, as most initiatives had not gone through detailed costing and the Treasury Board submission process.

The new central budget implementation vote was created to ensure that all 2018 federal budget measures were included in the main estimates for 2018–2019, and to better align the budget and the main estimates. The Committee recognizes that fiscal year 2018–2019 is a transition year for the alignment of the federal budget and the main estimates. Therefore, Treasury Board had to develop special tools that would be in place temporarily to reach that objective, and the budget implementation vote was one of them. Going forward, however, the Committee believes that new central votes allocating significant funding to various departments and agencies should only be created in very special circumstances and Parliament should have sufficient time to closely scrutinize them before funds are allocated. The Committee is of the opinion that the government should work towards incorporating budget measures into the votes of relevant departments and agencies in the main estimates. To that end, it encourages the Department of Finance and the Treasury Board Secretariat to work together to establish a timeline that allows budget measures to obtain Cabinet approval and Treasury Board approval, and to be incorporated into the departments' and agencies' main estimates votes. It also believes that budget initiatives presented in the main estimates should be supported by information provided in departmental plans that can be scrutinized by parliamentarians.

The Committee understands that Parliament authorizes statutory spending through legislation. Information on statutory spending is included in estimates documents for information purposes only and this spending is not included in the votes. However, the total amount contained in the budget implementation vote that parliamentarians had authorized did include statutory spending.

Consequently, the Committee recommends:

**Recommendation 4**

**That the Treasury Board Secretariat work with departments and agencies to ensure that details of new spending presented in main and supplementary estimates appear in their departmental plans as soon as possible.**

**Recommendation 5**

**That the relevant standing committees study measures included in the budget implementation vote presented in the main estimates for fiscal year 2019–2020 based on**



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

**their mandates, and that during the standing committees' studies of these main estimates, officials from the Treasury Board Secretariat accompany officials from the departments responsible for budget measures to ensure that parliamentarians receive meaningful insight into the new measures and their implementation.**

## CHAPTER 3: ACCOUNTING FOR APPROPRIATIONS

---

### 3.1 COMPARING THE ESTIMATES TO THE FEDERAL BUDGET AND THE PUBLIC ACCOUNTS

*“Ensuring that the estimates are prepared on the same basis as the budget and public accounts simplifies and improves the accountability provided through the financial cycle of government.”*

[Stephenie Fox](#),  
Vice-President, Standards, Chartered Professional Accountants of Canada  
(CPA Canada), 10 May 2016

Different accounting methods are applied to public financial accountability documents. Currently, the federal budget and the public accounts are presented on an accrual basis, whereas the estimates and related appropriations (or votes) are presented on a modified cash basis. The accounting basis for appropriations is directly linked to how Parliament controls votes for supply.<sup>16</sup> According to [Ms. Fox](#), the government’s financial cycle “plays a major role in fulfilling a public sector entity's duty to be publicly accountable, as long as that information is understandable and prepared on a consistent basis.”

The description below explains the difference between cash-based and accrual-based accounting. According to [Mr. Ferguson](#), “[u]nder the accrual method, financial transactions and other economic events are recorded when they occur rather than only when the entity receives or pays cash.”

**Cash-based accounting** reports a transaction when cash is received or paid out by an entity. Therefore, financial statement items such as amounts owed to or by the government or other non-cash items are not recorded.

At the other end of the spectrum, **accrual-based accounting** recognizes a transaction when the activity takes place (the decision) that generates revenue or consumes resources, regardless of when the associated cash is received or paid.

---

16 House of Commons, OGGO, [Strengthening Parliamentary Scrutiny of Estimates and Supply](#), Seventh Report, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, June 2012.



As explained by [Mr. Ferguson](#), the federal government's financial statements are prepared on a full accrual basis, respecting all of the accounting standards of the Public Sector Accounting Board. According to him, "[d]epartments have no trouble doing accrual accounting." However, they also need to track their transactions against the estimates, which are currently on a cash basis.

Certain items, such as the acquisition of tangible capital assets, will be reported differently between the federal budget and the estimates. According to Budget 2018,

[u]nder accrual accounting, the cost to acquire an asset is amortized over the expected life of the asset, whereas under modified cash accounting, the cost is recognized as disbursements are made. For example, if a building is acquired that has a useful life of 30 years, then accrual accounting will see the cost amortized over the 30 year life of the asset, while cash accounting will portray the cost only in the first few years when the payments are made.

[Mr. Leswick](#) pointed out that "a very detailed reconciliation of expenditure authorities on a near-cash basis and final expenses recorded by departments and agencies on an accrual basis is published each year in volume II of the public accounts." [He](#) argued that the accounting difference between the two documents is minimal. For example, accrual accounting explains only \$5 billion of the \$66-billion difference between the 2016 federal budget and the main estimates for that year.

While the debate concerning estimates appropriations centres on the choice between introducing full accrual-based accounting methods or keeping the current modified cash-based practice, there is a range of other options involving a mix of cash and accrual accounting methods. For example, hybrid methods such as "modified cash accounting" allow year-end adjustments to recognize some non-cash items like accounts receivable and payable. Alternatively, "modified accrual accounting" follows full accrual principles with one significant departure: it does not recognize capital assets on the statement of financial position. Instead, these assets are recognized fully as expenditures when bought.

## 3.2 PAST RECOMMENDATIONS AND ACTIONS

The federal government first launched its strategy to introduce accrual accounting policies and move to full accrual accounting for its budget and financial statements in 1989.<sup>17</sup> After several false starts and investments of over \$600 million, it eventually

---

17 Office of the Auditor General of Canada [OAG], "[Chapter 1 Financial Information Strategy Infrastructure Readiness](#)," *Report of the Auditor General of Canada—2001*, 2001.

implemented full accrual accounting; for the first time, in 2003, the federal government presented both its federal budget<sup>18</sup> and its summary financial statements<sup>19</sup> on a full accrual basis.

In the past, the Auditor General of Canada, the House of Commons Standing Committee on Public Accounts and the House of Commons Standing Committee on Government Operations and Estimates all recommended that the federal government also consider implementing accrual accounting for estimates appropriations.<sup>20</sup> The government responded to these recommendations by doing a study of the issue, which included a comparison of other jurisdictions, and concluded that there was “no compelling evidence to support a move to accrual appropriations.”<sup>21</sup>

However, since that time, the federal government has included additional accrual information in some of its financial reports. For instance, the 2018 federal budget includes detailed supplementary tables that link measures announced in the budget with the planned estimates for the 2018-2019 fiscal year. Table A2.8 provides an overview of the projections for program expenses, on an accrual basis, by major component, while Table A2.12 provides a more detailed outlook for 2018–2019, which includes a full reconciliation of the planned estimates and the budget expenses. According to Budget 2018:

[T]he budgetary balance is presented on a full accrual basis of accounting, recording government revenues and expenses when they are earned or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by the budgetary balance, but also by the Government's non-budgetary transactions. These include changes in federal employee pension liabilities; changes in non-financial assets; investing activities through loans, investments and advances; and changes in other financial assets and liabilities, including foreign exchange activities.

---

18 Department of Finance Canada, “[Archived - Annex 6: Implementation of Full Accrual Accounting in the Federal Government's Financial Statements](#),” *Budget 2003*, 2003.

19 OAG, “[Chapter 6—Managing Government: Using Financial Information](#),” *2004 March Report of the Auditor General of Canada*, 2004.

20 OAG, “[Chapter 1 – Financial Management and Control and Risk Management](#),” *2011 June Status Report of the Office of the Auditor General of Canada*; House of Commons, Standing Committee on Public Accounts, [Chapter 1, Financial Management and Control and Risk Management, of the 2011 Status Report of the Auditor General of Canada](#), Fifth Report, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, April 2012; and House of Commons, OGGO, [Strengthening Parliamentary Scrutiny of Estimates and Supply](#), Seventh Report, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, June 2012.

21 House of Commons, OGGO, [Evidence](#), 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, 90<sup>th</sup> Meeting, 28 May 2013, 1105.



In order to facilitate a comparison with the 2018–2019 main estimates, the 2018 federal budget includes information on budget measures by department and agency on a cash basis:

[T]o further improve transparency and accountability, this budget includes a detailed reconciliation between accrual expenses forecasted in Budget 2018 and the authorities to be reflected in the planned 2018–19 Estimates. Specifically, Budget 2018 includes: (i) a detailed summary table outlining Budget 2018 measures by department on a cash basis (Section 4.1); and (ii) a detailed table reconciling the Budget 2018 expense forecast with the planned 2018–19 Estimates (Section 4.2).

### 3.3 BENEFITS AND CHALLENGES OF MOVING TO ACCRUAL-BASED ESTIMATES APPROPRIATIONS

Moving to accrual-based estimates could improve decision-making, resource allocations, financial accountability and parliamentary scrutiny.

Ms. Fox noted, “it's very difficult to make the link between the estimates, if they're on a cash basis, to the budget and to the financial statements. If it's difficult to make that link, then it's difficult to understand whether some of the programs are being carried out and how they're being carried out.” According to Ms. Fox, there are benefits to having consistency between planned spending, approved through the estimates, and actual spending, reported in the public accounts. In her view, consistency between the estimates and the public accounts would serve the public interest, increase accountability to the public, and facilitate more informed resource allocation and other policy decisions in government.

In its 2006 report on accrual-based budgeting, the Committee commented that the main advantage of full accrual accounting for budgeting and appropriations is that it makes it possible to measure an organization's performance by focusing primarily on the management of assets and liabilities and on the full cost of programs and services. Generally, accrual accounting principles encompass all resources management, not only the availability of funds or the short-term cash flow balance. There is also potential for greater transparency and accuracy in government financial documents, which could lead to more effective decision-making and savings in departments.<sup>22</sup>

The 2006 report went on to say that the main disadvantage to adopting full accrual accounting for estimates appropriations in the federal government is that it would be

---

22 House of Commons, OGGO, *Accrual Budgeting and Appropriations in the Federal Government*, Sixth Report, 1<sup>st</sup> Session, 39<sup>th</sup> Parliament, December 2006.

complex, potentially costly, and likely require a lengthy transition period. TBS officials reiterated these arguments during the Committee's study on the estimates process. They also said accrual appropriations could be confusing for parliamentarians and government officials.

[Ms. Fox](#) explained that challenges to adopting accrual-based estimates would include changing the process, ensuring those changes are well understood by all stakeholders, from program managers to elected officials, and changing the culture in the federal public service. [She](#) also explained that the current approach of cash-based appropriations is entrenched and familiar, and therefore it would take time and effort if the federal government decides to change to accrual-based appropriations. [Martha Denning](#), Principal, Public Sector Accounting, CPA Canada, agreed that such a transition would require a culture change for the federal government. As well, [Ms. Fox](#) noted that some items would not fit the traditional idea of an appropriation, such as depreciation, which represents the effective use of a capital asset over time and is essentially an accounting allocation rather than an expenditure of funds. In her view, these issues can be overcome with time, effort and education, along with the fact that other major jurisdictions have successfully made the switch to accrual-based appropriations.

[Ms. Fox](#) explained that "[a]ccrual accounting is about all parts of the balance sheet, not just cash." She explained, "[a]ccrual appropriations deal with all parts of the balance sheet and the operating statement, including all assets, liabilities, revenues, and expenditures." She commented that a move to accrual appropriations would improve the management of resources and accountability by providing a more detailed picture of the resources that the federal government is using, as compared to cash-based appropriations. According to [Ms. Fox](#), "[i]t is important to get that fulsome picture to be able to manage all of those resources, not just focus on the cash resource." [She](#) added, "if you're not focused on an accrual basis, you're not focused on the long term," explaining that one of the negative impacts of managing on a cash or short-term basis is that government "end[s] up downloading additional debt or liabilities to future generations as opposed to taking care of some of those and planning for those commitments starting today."

[Mr. Ferguson](#) shared his view that accrual appropriations would be "a much simpler approach," despite an inevitable transition period. "It means not having to keep track of both the accounting expenses and the expenditures against the main estimates." According to [him](#), at the end of the day, parliamentarians would need to understand what they are voting on if they were voting on an accrual basis rather than a cash basis. He added that it would also be important for TBS and the government to have appropriate ways to control what is being voted on when using an accrual-basis.



[Ms. Denning](#) explained that an appropriation that is accrual-based gives the government the authority to use public resources to achieve a certain result. It involves granting a bigger authority by tying that appropriation to a department that has revenues, expenses and outcomes that are supposed to be achieved because of collecting those revenues and incurring those expenses. [Ms. Fox](#) highlighted that cash is only one resource that the government has and that managing appropriations on an accrual basis focuses on all the resources for which a government is responsible. She argued that by only managing on a cash basis, the government is managing for the next year, whereas by looking longer term at the full liability, the government recognizes that a commitment made today has a cost down the road. She cited the example of pension liabilities: on an annual cash basis, the government contributes a certain amount of funds to pension liabilities or to the pensions of its employees, but on an accrual basis, it would be forced to take into account the future costs of those pension liabilities.

### 3.4 OTHER JURISDICTIONS

The governments of British Columbia and Ontario, and the national governments of the U.K., New Zealand and Australia use accrual-based estimates appropriations. According to [Ms. Fox](#), from looking at other jurisdictions, CPA Canada believes that accrual-based appropriations are “a best practice.” Both [Ms. Fox](#) and [Ms. Denning](#) encouraged the federal government to look at the experiences of these other jurisdictions.

According to [Ms. Denning](#), when CPA Canada looked at other Westminster democracies, it noted that New Zealand had been following this approach the longest, and that their information was easy to understand and follow. She explained that New Zealand requires “all of their departments and agencies to submit their plans on a full accrual basis: this is what we think we raised in revenues; this is what we'll spend; these are the programs that are behind those expenses; this is the outcomes we expect,” and that the government then gives departments and agencies the authority to raise those revenues, incur those expenses, and achieves those outcomes through accrual appropriations.

In the case of Australia, [Alan Greenslade](#), First Assistant Secretary, Financial Analysis Reporting and Management, Australian Government, explained that “[e]verything is run on an accruals basis, and cash [information] is derived from that.... It comes out of the same estimates, the same process.” [Lembit Suur](#), First Assistant Secretary, Governance and Public Management, Australian Government, shared that “appropriation bills going back three or more years are now automatically lapsed, so people's capacity to draw down cash from old [accrual] appropriation authorities issued by the Parliament has



been limited.” He explained that this approach is one way of regulating the amount of cash that is held in the system.<sup>23</sup>

According to [Mr. Helgeby](#), the Australian experience has shown that ministers are “more comfortable talking about cash ... because it’s an easier concept,” and as such, “much of the public debate ... is still focused on the cash version of our numbers.” However, [he](#) remarked that “the value of accruals and accrual concepts is in the depth it gives to financial statements and the possibilities it opens up for financial analysis.” He continued, “appropriations for departments are simply about what is the most sensible way by which you get resources to the right place so that people can deliver programs, in such a way that Parliament is happy that it has discharged its responsibilities of ensuring that monies are only taken from consolidated revenue against a proper appropriation.”

In the case of Ontario, [Mr. Orencsak](#) shared that “[b]y publishing the budget, expenditure estimates and public accounts all on the same basis, the government is able to clearly articulate not only plans, but also progress relative to these plans.”

### 3.5 TRANSITION CONSIDERATIONS

If the government were to implement accrual accounting for estimates appropriations, there would be some transition considerations. [Ms. Fox](#) noted that a change to accrual-based appropriations would involve training and transition costs, which would need to be counted and planned for. She also stated that the transition period could be lengthy. According to [Mr. Helgeby](#), “[t]he extent of the change—system, people, understanding—can't be underestimated or otherwise neglected.”

[Ms. Fox](#) reported that in the case of Ontario, “there was a recommendation [from an Ontario Financial Review Commission in 1995] for all three—the public accounts, the budget, and the estimates—to move to full accrual accounting. They were all on a cash basis. ... From the time of the decision to the time of full implementation of all three pillars of the cycle, it was nine years to fully complete it.” The switch also required changes to their financial systems. [She](#) added that another big part of the transition was a change of culture, and she cited the experience of a CPA Canada staff member, who worked for the Province of Ontario at the time, explaining that “once [the change to

---

23 According to the Australia government’s [Department of Finance](#), “[u]nspent annual appropriations do not lapse at the end of each Budget year. These appropriations remain available until spent, or the appropriation authority sunsets. Annual Appropriation Acts typically sunset (i.e., cease to have effect) three years after they are passed by parliament.”



accrual accounting] was supported and recommended, and once they had planned for it appropriately, he felt it went reasonably smoothly.”

Mr. Orencsak confirmed that it took almost a decade to implement a full accrual accounting system in Ontario. The provincial government started with the budget and the public accounts and then transitioned the estimates. During that time, the province took time to consult broadly to ensure an effective transition, which involved building capacity, training and systems changes. He noted that consultations took many forms and included the work of the legislature’s dedicated estimates committee. As well, he shared that the changes that were implemented as part of a new government-wide integrated financial information system were instrumental in the success of the transition.

Mr. Sunderland said that it took the U.K. approximately three years to move from a firm proposal for accrual appropriations to implementation. He added that the transition involved some technical challenges and challenges related to the scope of what was included in the appropriations, or the budget boundary. However, he noted that the transition was not a hugely costly exercise.

### **3.6 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

Some witnesses encouraged the federal government to implement accrual-based estimates appropriations to improve financial accountability, parliamentary scrutiny, financial oversight, resource allocation, and decision-making. Experts urged the government to learn from the best practices of other jurisdictions, including Australia, New Zealand, the U.K., Ontario, and British Columbia, to inform a Canadian implementation approach.

The Committee believes that there is an opportunity to modernize the way in which Parliament approves the resources allocated to departments and agencies. It encourages the federal government to further investigate the possibility of moving to accrual-based estimates through a pilot project with a selected department, such as Public Services and Procurement Canada. A pilot project would be a prudent approach to evaluate accrual-based estimates, to test what works, and to identify any obstacles before committing significant government resources. Public Services and Procurement Canada would be an ideal department to include in a pilot project because it manages a large portfolio of capital assets. It also has the benefit of being a central department under the Committee’s purview, so the Committee could closely follow the pilot project’s implementation and its impact on both the department and the Treasury Board Secretariat.

Consequently, the Committee recommends:

**Recommendation 6**

**That the Government of Canada conduct a pilot project by preparing the estimates appropriations of a selected department on an accrual basis.**

**Recommendation 7**

**That, to enhance parliamentary oversight, in accordance with the 2012 House of Commons Standing Committee on Government Operations and Estimates' report on the estimates process, as well as the Auditor General's commentary on the 2017–2018 Financial Audits, standing parliamentary committees review statutory programs on a cyclical basis to assess their effectiveness.**



## CHAPTER 4: INTRODUCING A PURPOSE-BASED VOTE STRUCTURE

---

*“If you have a vote based on the results or objectives that the government is going to achieve, it's more meaningful to parliamentarians.”*

Alex Smith,  
Financial Analyst,  
Office of the Parliamentary Budget Officer, 20 June 2017

### 4.1 VOTE STRUCTURE

Parliament approves and controls spending through appropriation votes. Under the current approach, Parliament controls appropriations for each department and agency through distinct votes based on the nature of the planned expenditure—by capital expenditure, operating expenditure, or grant and contribution, for example. Mr. Pagan noted that there are at present 200 voted appropriations approved by Parliament.

Another way to control appropriations, however, would be through a purpose- or program-based vote structure. Departmental core responsibilities, which were previously referred to as outcomes and purposes, encompass several related programs. For instance, a core responsibility of Public Services and Procurement Canada is “Payments and Accounting”, and “Federal Pay Administration” is an example of a program that falls within this core responsibility. As such, parliamentarians could vote at the purpose-level, on the “Payments and Accounting” core responsibility, for example, or at the program-level, on the “Federal Pay Administration” program. In its 2012 study on the estimates process, the Committee heard from witnesses that program-based votes link parliamentary control to a program’s purpose and outcomes. In its final report, Strengthening Parliamentary Scrutiny of Estimates and Supply, the Committee recommended that “the Treasury Board of Canada Secretariat transition the estimates and related appropriations acts from the current model to a program activity model.”

According to the 2016 TBS paper on reforming the estimates process, Empowering parliamentarians through better information, “[t]he structure of voted funds for each department should resonate with parliamentarians. By strengthening the link between departmental programs and voted funds, a more informed discussion about departmental spending priorities can occur.” According to the paper,

Parliament currently controls appropriations by the nature of the planned expenditure ... and the departments provide detail on the purpose of the planned expenditure for information. Under existing vote structures, departments have a degree of flexibility to reallocate funding from one program to another within the same vote in order to account for changing circumstances on the ground (e.g. adjustments to project schedules, contracting developments, changing participation levels of partners, etc.). This flexibility allows departments to minimize the amount of lapsed funding.

[Mr. Pagan](#) pointed out that other jurisdictions have introduced purpose-based votes so that parliamentarians have a clearer picture of how resources are supporting specific programs. For example, in Ontario, votes are associated with programs. According to [Mr. Orencsak](#), “[Ontario’s] *Financial Administration Act* establishes the process through which both statutory and voted appropriations are approved. It also limits public spending to these appropriations and requires that expenditures against an appropriation must be used for the purpose they were intended for.” He explained that the Ontario government’s votes are reviewed and approved by its Treasury Board on a ministry-by-ministry basis. He shared that there is flexibility and a varying level of detail in what those votes look like. However, he noted that there is a “fair bit of program-level detail associated with [the] votes.”

## 4.2 PILOT PROJECT ON PURPOSE-BASED VOTES

Transport Canada has been the sole department involved in a pilot project to assess the impact of a purpose-based vote structure for grants and contributions. This pilot project was undertaken in response to the Committee’s 2012 recommendation to implement program-based votes. However, the pilot project was first designed to evaluate outcomes-based votes, and then switched to study purpose-based votes, both of which present information that is more aggregated than the level of detail that would be included in program-based votes, as recommended by the Committee.

In the 2015–2016 Main Estimates, Transport Canada had only one vote for all their grants and contributions, in the amount of \$683 million, which included six different grants and 20 different contributions.

Under the pilot project, Transport Canada had three separate votes for grants and contributions for the 2016–2017 Main Estimates and the 2017–2018 Main Estimates, based on its Program Alignment Architecture.<sup>24</sup> [Mr. Pagan](#) noted that the pilot project included separate votes based on the terms and conditions of each grant program. [He](#) explained that the department had a separate vote for grants and contributions related

---

24 Government of Canada, [2018–19 Pilot Project on a Purpose-based Vote Structure](#).



to gateways and corridors, totalling \$258 million; a separate vote for grants and contributions related to transportation infrastructure of \$103 million; and a third vote, which was an aggregate of smaller requirements. According to [Mr. Pagan](#), “the department will be able to separate those resources and report results specific to each vote.... That will provide a more specific overview that focuses more on those programs.” Most recently, the 2018–2019 Main Estimates presented the distribution of planned expenditures in accordance with the department’s revised departmental results framework.

[Mr. Pagan](#) noted that TBS identified two primary risks in changing to purpose-based votes:

- the increased complexity and rigidity in managing cash flow between demand-driven programs that could negatively impact the delivery of those programs and services, and
- the cost and practicality of making changes to financial systems and business processes.

In deciding on how to implement the pilot project, he noted that, “[a]bove and beyond those risk factors, [TBS] looked at a number of other criteria, including the number of programs within an existing vote and the existence of unusual patterns or spikes in activity that could bump up against a vote ceiling during the fiscal year.” According to him, those were the principal reasons that TBS limited the pilot project to grants and contributions votes under Transport Canada. However, in 2012, Parliamentary Budget Officer Kevin Page advised the Committee during its study on the estimates process that parliamentarians would be motivated to scrutinize government spending and would find their work more meaningful if they voted on program activities rather than on capital expenditures, operating expenditures, and grants and contributions.

According to [Minister Brison](#), the results of the pilot project have been positive to date. [Mr. Pagan](#) also noted that the pilot project did not involve resource training and that there were no problems with the financial systems. According to [André Lapointe](#), Assistant Deputy Minister, Corporate Services and Chief Financial Officer, Department of Transport, the pilot project was relatively simple to implement and low cost.

Before going ahead with the Transport Canada pilot project, TBS indicated that adjustments to systems and processes in the department, TBS and the Receiver General would be necessary. In fact, there were minimal upfront costs in adjusting financial systems and processes, and training staff, and these were absorbed using existing departmental resources. TBS also noted that there was no change in the nature and

frequency of parliamentary business related to estimates and supply because of this pilot project.<sup>25</sup>

In 2016, [Mr. Pagan](#) told the Committee that while the pilot project involved a single department, the next phase would extend its scope to other votes, especially operating votes, to gain a clearer understanding of the costs and benefits of the approach. [Minister Brison](#) also said at the time that the pilot project on purpose-based votes would be extended to other programs. To date, no other departments or agencies have been included.

### 4.3 BALANCING PARLIAMENTARY CONTROL AND GOVERNMENT FLEXIBILITY

Purpose-based votes can provide better information to parliamentarians. Remarking on the pilot project, [Minister Brison](#) told the Committee that this approach would make it easier for Parliament to measure results and would represent a major change in overall government efficiency. [He](#) noted that this information would be “good for good governance and good in terms of transparency to Parliament.” Both [Minister Brison](#) and [Mr. Pagan](#) commented that disaggregating votes through purpose-based reporting gives parliamentarians a “clearer line of sight” into departmental spending for specific purposes. As well, Mr. Pagan highlighted that it would provide more detailed information on lapsed funds.

Sharing a similar view, [Mr. Smith](#) remarked that votes based on the results or objectives that the government plans to achieve are more meaningful to parliamentarians. Further, [Mr. Askari](#) noted that “approval by programs rather than by [the current] votes ... would be a positive step in terms of the control that Parliament could have over spending.” According to [Mr. Fréchette](#), “[i]deally, the approval process should be program by program.” He argued that “[i]t is easier, for example, to examine one program and the corresponding amount, then another, and so on.”

TBS reported that the pilot project improved Transport Canada’s forecasting capacity and practice. However, according to [Mr. Pagan](#), disaggregating large votes into smaller, purpose-based votes could impact an organization’s ability to manage funds within a vote. In the case of the pilot project, it reduced Transport Canada’s flexibility to respond

---

25 Treasury Board of Canada Secretariat, *Estimates Reform: Transport Canada’s Purpose-based Votes*, 19 June 2018 [reference document submitted to OGGO, 14 June 2018].



to in-year pressures due to the limitations imposed by the total dollar value of each vote and the number of programs covered by each vote.<sup>26</sup>

[Mr. Lapointe](#) noted that the department had to pay closer attention to the behaviour of programs in each vote. In particular, [he](#) mentioned his department's concern about being able to manage and forecast the volume of grants and contributions on an in-year basis. [He](#) highlighted that the change in vote structure changed the way funds could be reallocated during the year, and [he](#) shared that the department needed to be very diligent about what funds could be moved within the votes and when. For example, Transport Canada has some demand driven programs that may have a surge in certain years and, in those cases, the department may take a surplus from one program and reallocate it to one experiencing a greater demand. The pilot program's change in the vote structure limited what program funds could be reallocated, as certain programs were under separate votes and funding had to remain in that vote. [He](#) noted that in 2017, one vote was at risk of being exceeded based on program demand. In the case of Ontario, [Mr. Orencsak](#) made a similar point, "[a]s the votes get more specific, there is obviously a downside of less flexibility when you're looking to transfer money between votes."

According to [Mr. Pagan](#), with purpose-based votes, departments would have to "understand the limits of flexibility and identify ways to ensure transparency while allowing a degree of flexibility in order to deliver programs and services." [Mr. Fréchette](#) cited the government's response to the Committee's 2012 recommendation, which was "that it would not [be] possible to have an approval process program by program, because that would require too many votes." [Mr. Pagan](#) explained that a greater number of votes would complicate matters for departments, and that there would more likely be lapsed votes because the departments would not have the flexibility to transfer funds. He added that TBS would like to "identify a balanced approach between transparency and flexibility."

Similarly, [Mr. Smith](#) highlighted that there is a need to strike a balance between parliamentary control and government flexibility. In his view, government departments and agencies need to be able to make changes throughout the year without having to come to Parliament each time. He explained that a vote approved by Parliament cannot be exceeded, and that the more a vote is broken down into categories, the more careful

---

26 It is important to note that the government can present supplementary estimates to move funds between votes or to allocate additional funds to federal organizations. There is no limit to the number of supplementary estimates the government can present. Therefore, supplementary estimates could be used as a mechanism to help organizations manage funds between votes to respond to in-year pressure.



the department needs to be about how it spends the money. Thus, he argued that a more detailed vote structure would require very thorough accounting systems.

At present, there is no latitude to transfer funds between votes without Parliament's approval. [Mr. Pagan](#) explained, "under the parliamentary control structure, a transfer of even a single dollar between one vote and another requires Parliament's approval. The Treasury Board has no latitude to approve any transfers between votes without the consent of Parliament." Similarly, [Mr. Smith](#) commented that it may be difficult for departments and agencies to respond to emerging issues during the year if they must get approval from Parliament every time they want to move funds between purpose-based votes.

However, both [Mr. Pagan](#) and [Mr. Smith](#) pointed out that some jurisdictions have greater flexibility. According to [Mr. Pagan](#), TBS has looked at the practices in other jurisdictions and found that most have some form of automatic in-year transfers between votes based on a certain threshold. According to [him](#), in Ontario votes are associated with programs and it is possible to transfer votes without statutory approval. [He](#) also noted that Quebec includes a 10% threshold in their supply bills to allow for transfers between purpose-based votes, and that departments must report the transfers to ensure transparency. Further, he shared that there are other jurisdictions that have either multi-year appropriations or enhanced carry-forwards to give departments more flexibility.

[Mr. Fréchette](#) noted that even with a change in vote structure, departments and agencies may encounter unforeseen events and emergencies, which is why supplementary estimates continue to exist. This provides organizations with some flexibility around parliamentary approval of funding during the year.

In response to a question, [Marcia Santiago](#), Executive Director, Expenditure Management Sector, TBS, indicated that Treasury Board's Central Vote 5 (Government Contingencies) could be an option for giving departments and agencies some flexibility with respect to in-year changes. However, she noted that this would not work well for larger departments, since the value of the contingencies vote is relatively small (\$750 million) compared to the dollar value of in-year changes that could be required by large departments with multi-billion dollar appropriations.

#### **4.4 TRANSITION AND IMPLEMENTATION CONSIDERATIONS**

In 2016, [Mr. Pagan](#) told the Committee that there were many complex issues to be considered before changing the vote structure, in particular the accounting frameworks and the withdrawal of votes from the main estimates. He noted that "[c]hanges of that



scope would require Parliament to change the way it operates and the way departments publish their information.”

In 2018, [Mr. Pagan](#) noted that it would take a further four to eight months to expand the pilot to a few more organizations, and this would involve more complexity. As well, [he](#) suggested that TBS could extend the pilot to all grants and contributions across the federal government, or widen the scope to include operating and capital votes. But [he](#) emphasized that the next step would be to expand the pilot project to several more departments, reengage with parliamentarians, and then gradually roll out any change in vote structure.

According to [Mr. Smith](#), the time it would take to expand the pilot project to other departments and agencies across government would depend to a certain extent on departmental accounting systems. According to [him](#), departmental accounting systems are not robust enough to ensure that departments do not exceed a vote if a particular organization had, for example, 10 or 12 purpose-based votes.

In terms of implementing a purpose-based vote structure, TBS identified the following risks to business processes:

- Treasury Board-approved program authorities that cross business lines;
- the management of cash flow between estimates and at fiscal year-end;  
and
- the capacity to respond to spikes in cash requirements.<sup>27</sup>

As well, the Receiver General highlighted that there would be an issue with the capacity and time required to support a change in the vote structure using the existing financial system—the Central Financial Management Reporting System (CFMRS). Finally, TBS noted that a change in vote structure would also require amendments to the *Financial Administration Act*.<sup>28</sup>

Another factor to consider was pointed out by [Mr. Orencsak](#), who remarked that “votes are not static constructions; they change with time. They change as programs are

---

27 Treasury Board of Canada Secretariat, *Estimates Reform: Transport Canada’s Purpose-based Votes*, 19 June 2018 [reference document submitted to OGGO, 14 June 2018].

28 Ibid.

introduced or changed,” which could impact the capabilities required of the government’s financial systems.

CFRMS is used by the Receiver General for departmental trial balances and for the roll-up to the Public Accounts of Canada. [Mr. Pagan](#) described it as an “old and rickety” financial system, which makes it challenging to change the coding. According to [Ms. Santiago](#), the Receiver General is concerned about a change in vote control structure “across the board” and cautions that it would be prohibitively expensive. Meanwhile, departments and agencies use different financial systems. For instance, TBS uses a SAP-based financial system to build the estimates, whereas Transport Canada uses Oracle for its financial documents.

#### **4.5 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

Parliament controls government spending through its approval of appropriation acts, which include votes based on the nature of departmental expenditures. In order to provide better information and control to parliamentarians, purpose-based votes have been studied as part of a single-department pilot project. The Committee encourages the government to expand this pilot project beyond grants and contributions by adding departments and agencies with capital and operating votes.

Witnesses told the Committee that a change in vote structure would need to strike a balance between parliamentary control and expenditure flexibility. The Committee understands that the two main risks with changing the vote structure are the increased complexity and rigidity for departments in managing the cash flow of more detailed votes, and the change required to government-wide financial systems and processes. For example, even though the pilot project worked well with few changes, the Treasury Board Secretariat seems to be restricted in expanding its pilot project because of the limitations of the Central Financial Management Reporting System.

Some provinces that use purpose-based votes have tried to strike a balance between parliamentary control and government flexibility by adopting different mechanisms. Those mechanisms include thresholds to allow for transfers between votes, multi-year appropriations, and enhanced carry-forwards. The Committee feels that an in-depth study is required to evaluate if these mechanisms could be used at the federal level.

Any change in the vote structure should be incremental and allow for updates to departmental and central financial systems and processes. Prior to changing the vote structure, it would be important for the Treasury Board Secretariat to prepare an implementation plan, including a detailed costing and timeline.



Consequently, the Committee recommends:

#### **Recommendation 8**

**That the Treasury Board Secretariat expand the pilot project on purpose-based votes to include departments and agencies with capital and operating votes; and that in designing this expanded pilot project, the Secretariat study the various mechanisms available to strike an appropriate balance between parliamentary control and departmental flexibility, such as a 10% threshold to allow for transfers between votes, multi-year appropriations, and enhanced carry-forwards.**

#### **Recommendation 9**

**That the Treasury Board Secretariat and the Receiver General provide a cost estimate and implementation timeline for a full transition to purpose-based votes, including a detailed plan on updating or replacing the Central Financial Management Reporting System, as well as plans for harmonizing departmental financial systems.**

## CHAPTER 5: UPDATED REPORTING

---

### 5.1 DEPARTMENTAL RESULTS FRAMEWORK

*“[The Departmental Results Framework is] a more systematic way of presenting information and of more explicitly tying resource allocation to the results that departments are trying to achieve.”*

Brian Pagan,

Assistant Secretary, Expenditure Management Sector,  
Treasury Board Secretariat, 22 May 2018

In July 2016, the Treasury Board adopted the Policy on Results, which requires departments to measure and evaluate the performance of their programs, policies and services and report that information to Parliament in a transparent, clear and useful manner. The objectives of the policy are:

- to improve the achievement of results across government; and
- to enhance the understanding of the results government seeks to achieve, has achieved, and the resources used to achieve them.

The fourth pillar, presented by TBS in its report entitled Empowering parliamentarians through better information, consists of changing annual departmental reports. The intention of the change was to provide parliamentarians with better information on planned spending, expected outcomes and actual results.

As part of this new policy, the departmental reports were renamed departmental plans and departmental results reports. The latter are presented in the fall and outline each department and agency's achievements in the previous fiscal year compared to the expectations set out in their departmental plans. Departments and agencies are no longer required to have a cascading program activity architecture that Mr. Pagan described as complex, but they are required to develop departmental results frameworks that outline core responsibilities and key results expectations consistent with their programs. Derek Armstrong, Executive Director, Results Division, Expenditure Management Sector, TBS, said that the policy rationalized several sub-programs and sub-sub-programs of the previous program activity architecture into programs that had a better link to departmental results and departments' core responsibilities. He indicated that 1,100 federal programs have been streamlined to 800 programs with



1,200 indicators. [He](#) added that the language used to describe government’s responsibilities has been simplified so that it can be more clearly understood by parliamentarians and Canadians.

[Mr. Pagan](#) said that the new policy offers more flexibility than the previous one and allows ministers to “set their own priorities and organize their programs to achieve their objectives.” [Minister Brison](#) commented that reports under the previous policy were not useful in terms of the quality of information they contained, and that only a few people read them despite the extensive resources that were devoted to their preparation. He added that the new policy simplifies how government reports on the resources it uses and the results it achieves. According to him, the new reports have an increased focus on performance indicators and reporting on results and delivery, so that the government can be held to account. [Mr. Askari](#) agreed that the information presented in departmental reports was not very useful and mentioned that a study the PBO had conducted a few years earlier could not establish a link between performance indicators and changes in program expenditures. According to him, some programs that were performing poorly received additional funds, while other programs that performed well had their budgets reduced.

[Mr. Pagan](#) noted that feedback from stakeholders, including the OAG, the PBO, and academics, were considered during the development of the policy. [He](#) also explained that as part of the new framework, departments and agencies must report on their programs in their departmental plans and departmental results reports and then make adjustments to their ongoing performance measurement and evaluation of those programs.

[Mr. Pagan](#) explained that in addition to the new policy, the Prime Minister created a new Cabinet committee, the Agenda, Results and Communications Committee, whose objective is to bring focus to results discussions. To support that new committee and to provide central oversight of the results agenda, a central unit within PCO entitled the Results and Delivery Unit was created in 2016.

### **5.1.1 Performance Evaluation**

After the fiscal year is completed, each department and agency must evaluate its own performance in relation to the targets it established in the departmental plan presented for that year. [Mr. Pagan](#) explained that each department and agency must develop its own departmental results framework that the responsible minister presents to the Treasury Board. In addition to the identification of core responsibilities and key results expectations, the framework must include an explanation of the performance indicators

that the department or agency will assess during the fiscal year to determine if it is on track. He commented that key performance indicators for each program that supports the core responsibilities of departments and agencies include the program budget, the number of full-time equivalents (FTEs), and plans for performance assessment for the entire fiscal year.

[Mr. Pagan](#) also indicated that the Policy on Results introduced more flexible timing with regard to program evaluation. Before 2016, all departments and agencies had to evaluate each of their programs on a five-year basis regardless of the size of these programs, which TBS found to be out of sync with departmental needs. The policy allows departments and agencies “to adopt a risk approach and a needs-based approach to evaluation so that they can have pertinent information at the time of decisions rather than at a set time mandated by a mandatory requirement.”

The policy led to the establishment of centralized measurement and evaluation committees to monitor the performance and evaluation work of the departments or the agencies, as indicated by [Mr. Pagan](#). Deputy ministers or associate deputy ministers chaired those committees. Furthermore, each department and agency must, under the policy, designate at least one person responsible for performance measurement and evaluation. [Mr. Pagan](#) added that “the evaluation function is at a distance from the actual program management.” Therefore, neither the evaluator nor the head of performance measurement is responsible for achieving program objectives.

[Mr. Pagan](#) also highlighted that the policy requires departments and agencies to fill a results annex for every new program going through the Treasury Board submission process “that clearly lays out objectives over the short, medium, and long term, with measures of success in the indicators.” In response to a question, [he](#) said that the policy mandates departments and agencies adopt evidence-based decision-making to improve reporting to Parliament, which is realized through adjustments that make departmental plans and departmental results reports better organized and more streamlined, and through the presentation of readily accessible information via online tools, such as the GC InfoBase.

### 5.1.2 Other Jurisdictions

Other countries have also devoted efforts to improve the performance evaluation of their programs. In Australia for example, [Mr. Helgeby](#) indicated that the government has been working on a new performance framework with the introduction of “corporate plans, which are forward-looking documents for entities, and annual performance statements, which are intended to strengthen the focus on performance that entities



provide.” According to him, these two sets of documents “are meant to be read as the start point, and subsequently, in reporting against the annual performance statements, the end point of a full cycle.” [Mr. Suur](#) added that modifications to performance information have been done in close consultation with their parliament’s Joint Committee of Public Accounts and Audit over a period of two years “to improve the quality of performance information that is provided to the Parliament as part of the estimates process and through annual reports.” In his view, the Australian Parliament was dissatisfied with the overall quality of performance information and wanted more clarity, a better performance story, and better information on how public funds were spent.

[Mr. Sunderland](#) indicated that in the U.K. performance frameworks have changed over time and that in the last few years the government introduced “a regime called single departmental plans, which largely brings together the different objectives of the government, including their specific manifesto commitments.” He added that this new regime allocates particular performance objectives to different departments, includes a number of key performance indicators, and reports against those performance objectives.

## 5.2 GC INFOBASE

The [GC InfoBase](#) is an interactive data-visualization tool developed by the TBS that “contains years’ worth of federal government data, bringing together information previously scattered across over 500 government reports.” The GC InfoBase was developed in 2013 in response to a recommendation from the Committee’s 2012 report on the estimates process. At the time, the Committee had recommended that “the government develop a searchable online database that contains information on departmental spending by type of expense and by program.” Since 2015, the GC InfoBase has been improved to make its information easier to navigate and more useful for parliamentarians, researchers, and Canadians.

The GC InfoBase presents data on finances, people management and government performance results by combining numerous reports, and it aligns that data across multiple years, accounting for government organizational changes. All GC InfoBase data are also available in raw form on the Government of Canada Open Data Portal.

[Mr. Pagan](#) indicated that TBS has added more information into the database every year since its creation. [Mr. Gibson](#) explained that the GC InfoBase provides a wide range of data, which includes the total number of federal public servants over the past five years as well as their province, age, gender, first language and position level. He also said that data from departmental results reports are in the GC InfoBase.



[Mr. Gibson](#) explained that the GC InfoBase was created with the following four underlying objectives:

- to provide a reliable source of information with data from published sources such as the Public Accounts of Canada and the estimates documents;
- to present information in a nuanced and comprehensive manner;
- to present factual data with no interpretation or opinion; and
- to offer a tool that continuously adapts to users' needs and that is continuously improved.

One of the data visualization tools available on the GC InfoBase is the [Budget Tracker](#), which includes the 2018 budget measures and Treasury Board allocations to date for each measure. As explained by [Mr. Gibson](#), data on these budget measures will be updated over the course of the 2018–2019 fiscal year. Budget measures can be filtered by organization or by chapter of the 2018 federal budget. Moreover, information on client groups will be added so that users can see how much funding from the 2018 federal budget was spent on specific groups, such as Indigenous youth. However, allocations for 2018 budget measures are presented in an aggregated manner in the Budget Tracker, which is less detailed than other financial information available in GC InfoBase.

In response to a question, [Mr. Gibson](#) said that the GC InfoBase was built by only one person, but that there are now three people working on it and that the salary cost is about \$400,000 per year. [He](#) also mentioned that the InfoBase is stored in-house, but that TBS is looking at moving it to the cloud to allow the presentation of more detailed information.

### **5.3 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

The Committee acknowledges that performance evaluation is crucial, and that good metrics must be developed and used to assess the performance of government programs and ensure that public funds are spent wisely. Departmental reports must be published on a regular basis and be easy to read and to understand. The departmental plans must clearly explain, before the beginning of the next fiscal year, the expected results and the resources required, while the departmental results reports must present the results achieved and the resources used by the end of the fiscal year. The Committee



is also of the opinion that renewed funding for programs that are not performing well should be accompanied by changes to improve the programs' performance.

Although the Committee welcomes the new Policy on Results, it strongly encourages the federal government to ensure that every department and agency set concrete goals for each of their programs in their departmental plans, and then report on their progress towards these goals in their departmental results reports. Moreover, the Committee encourages the federal government to ensure that it is possible to compare program goals from one year to the next—even when organizations' program architectures change—through the addition of a comparison table if necessary.

The Committee encourages the Treasury Board Secretariat to continue to update the GC InfoBase with useful information for parliamentarians and Canadians. It also wants to stress that it is important that this database be user-friendly and that it be promoted to parliamentarians and Canadians so that more people take advantage of it.

Consequently, the Committee recommends:

#### **Recommendation 10**

**That, in accordance with the federal government's Policy on Results, the Treasury Board Secretariat ensure that departments and agencies include related program objectives and purposes, and projected measures of performance in their departmental plans.**

#### **Recommendation 11**

**That the Treasury Board Secretariat work with departments and agencies to develop standard metrics for measuring program performance and developing performance indicators.**

#### **Recommendation 12**

**That the Treasury Board Secretariat reinforce its Policy on Results by strongly encouraging departments and agencies to minimize the use of "to be decided" or "not applicable" in their departmental plans under the key results expectations and the explanations of performance indicators.**

## CONCLUSION

---

The Committee recognizes that the estimates process is very complex and can be challenging to understand for most parliamentarians and Canadians. It agrees that this process needs to be simplified and that, in doing so, the federal government should fully align the federal budget and the main estimates. Further, it encourages the federal government to consider adopting best practices that other parliaments have put in place, such as Australia.

The Committee is confident that, if implemented, the 12 recommendations outlined in this report would improve the estimates process and facilitate its understanding, which would help parliamentarians scrutinize government spending plans. Notably, the estimates process could be improved by:

- presenting a concrete and detailed plan to table the budget and the main estimates concurrently, with consistent information;
- reforming the federal government processes so that Cabinet and Treasury Board approval of budget measures are done in tandem in order for these measures to be included in the main estimates and to ensure the alignment of the budget and the main estimates;
- suggesting that relevant standing committees study measures included in the budget implementation vote presented in the main estimates for fiscal year 2019–2020, based on their mandates, and that during the standing committees' studies of these main estimates, officials from the Treasury Board Secretariat accompany officials from the departments responsible for budget measures to ensure that parliamentarians receive meaningful insight into the new measures and their implementation;
- conducting a pilot project by preparing the estimates appropriations of a selected department on an accrual basis; and
- updating the federal government's central financial management systems and introducing purpose-based votes to provide better information and control to parliamentarians.



## APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the Committee at its meetings related to this report held during its study of the estimates process. Transcripts of public meetings are available on the Committee's [webpage for the study](#).

Organizations and Individuals	Date	Meeting
<b>Library of Parliament</b> Raphaëlle Deraspe, Analyst Lindsay McGlashan, Analyst Édison Roy-César, Analyst	2016/02/25	3
<b>Chartered Professional Accountants of Canada</b> Martha Denning, Principal Public Sector Accounting Stephenie Fox, Vice-President Standards	2016/05/10	12
<b>Office of the Auditor General</b> Richard Domingue, Principal Michael Ferguson, Auditor General of Canada Karen Hogan, Principal	2016/05/10	12
<b>Australian Government</b> Alan Greenslade, First Assistant Secretary Financial Analysis, Reporting and Management Stein Helgeby, Deputy Secretary Governance & APS Transformation, Australian Department of Finance Lembit Suur, First Assistant Secretary Governance and Public Management	2016/05/31	17

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Department of Finance</b></p> <p>Nicholas Leswick, Assistant Deputy Minister Economic and Fiscal Policy Branch</p> <p>Brad Recker, Senior Chief Expenditure Analysis and Forecasting, Economic and Fiscal Policy Branch</p>	2016/06/14	22
<p><b>Her Majesty's Treasury</b></p> <p>Gary Hansman, Estimates Advisor</p> <p>Steven Melbourne, Head of Estimates</p> <p>Michael Sunderland, Acting Deputy Director Government Financial Reporting</p>	2016/06/14	22
<p><b>Treasury Board Secretariat of Ontario</b></p> <p>Chris Giannekos, Assistant Deputy Minister</p> <p>Greg Orencsak, Deputy Minister</p>	2016/06/14	22
<p><b>Treasury Board Secretariat</b></p> <p>Hon. Scott Brison, P.C., M.P., President of the Treasury Board</p> <p>Yaprak Baltacioglu, Secretary of the Treasury Board Secretariat</p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p> <p>Marcia Santiago, Executive Director Expenditure Management Sector</p>	2016/10/24	50
<p><b>Department of Finance</b></p> <p>Nicholas Leswick, Assistant Deputy Minister Economic and Fiscal Policy Branch</p>	2016/11/03	56
<p><b>Privy Council Office</b></p> <p>Siobhan Harty, Assistant Secretary to the Cabinet Parliamentary Affairs</p>	2016/11/03	56
<p><b>Treasury Board Secretariat</b></p> <p>Hon. Scott Brison, P.C., M.P., President of the Treasury Board</p> <p>Yaprak Baltacioglu, Secretary of the Treasury Board Secretariat</p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p>	2016/11/03	56

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Treasury Board Secretariat</b></p> <p>Hon. Scott Brison, P.C., M.P., President of the Treasury Board</p> <p>Yaprak Baltacioglu, Secretary of the Treasury Board Secretariat</p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p>	2016/12/01	64
<p><b>Library of Parliament</b></p> <p>Mostafa Askari, Assistant Parliamentary Budget Officer Office of the Parliamentary Budget Officer</p> <p>Jean-Denis Fréchette, Parliamentary Budget Officer</p> <p>Jason Jacques, Director Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer</p> <p>Alex Smith, Financial Analyst Office of the Parliamentary Budget Officer</p>	2017/06/20	95
<p><b>Treasury Board Secretariat</b></p> <p>Derek Armstrong, Executive Director Results Division, Expenditure Management Sector</p> <p>Andrew Gibson, Director Expenditure Analysis, Expenditure Management Sector</p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p>	2018/05/22	133
<p><b>Department of Transport</b></p> <p>Karen Cahill, Director General Financial Planning and Resource Management</p> <p>André Lapointe, Assistant Deputy Minister, Corporate Services and Chief Financial Officer</p>	2018/06/19	142
<p><b>Treasury Board Secretariat</b></p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p> <p>Marcia Santiago, Executive Director Expenditure Management Sector</p>	2018/06/19	142





## APPENDIX B LIST OF WITNESSES

---

The following table lists the witnesses who appeared before the Committee at its meetings related to this report held during its study of the Main Estimates 2018-19: Vote 1 under Canada Post Corporation, Vote 1 under Canada School of Public Service, Vote 1 under Canadian Intergovernmental Conference Secretariat, Vote 1 under Canadian Transportation Accident Investigation and Safety Board, Votes 1 and 5 under Department of Public Works and Government Services, Vote 1 under Office of the Governor General's Secretary, Vote 1 under Office of the Parliamentary Budget Officer, Vote 1 under Office of the Public Sector Integrity Commissioner, Vote 1 under Privy Council Office, Vote 1 under Public Service Commission, Vote 1 under Senate, Votes 1 and 5 under Shared Services Canada, Votes 1, 5, 10, 20, 25, 30, 35 and 40 under Treasury Board Secretariat. Transcripts of public meetings are available on the Committee's [webpage for the study](#).

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Office of the Public Sector Integrity Commissioner</b> Joe Friday, Commissioner Brian Radford, General Counsel Éric Trottier, Chief Financial Officer	2018/04/26	128
<b>Canadian Transportation Accident Investigation and Safety Board</b> Luc Cassault, Chief Financial Officer Kathleen Fox, Chair Jean L. Laporte, Chief Operating Officer	2018/05/01	129
<b>Public Service Commission</b> Patrick Borbey, President Philip Morton, Vice-President Corporate Affairs	2018/05/01	129

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Treasury Board Secretariat</b></p> <p>Hon. Scott Brison, P.C., M.P., President of the Treasury Board</p> <p>Renée LaFontaine, Chief Financial Officer and Assistant Secretary Corporate Services Sector</p> <p>Brian Pagan, Assistant Secretary Expenditure Management Sector</p> <p>Marcia Santiago, Executive Director Expenditure Management Sector</p> <p>Taki Sarantakis, Associate Secretary</p>	2018/05/03	130
<p><b>Office of the Parliamentary Budget Officer</b></p> <p>Mostafa Askari, Deputy Parliamentary Budget Officer</p> <p>Jean-Denis Fréchette, Parliamentary Budget Officer</p> <p>Sloane Mask, Deputy Chief Financial Officer</p> <p>Jason Stanton, Financial Analyst</p>	2018/05/08	131
<p><b>Privy Council Office</b></p> <p>Marian Campbell Jarvis, Assistant Secretary to the Cabinet Social Development Policy</p> <p>Rodney Ghali, Assistant Secretary to the Cabinet Impact and Innovation Unit</p> <p>Sylvie Godin, Deputy Chief Financial Officer and Executive Director Finance and Corporate Planning</p> <p>Matthew Shea, Chief Financial Officer and Assistant Deputy Minister Corporate Services</p> <p>Shawn Tupper, Assistant Secretary to the Cabinet Economic and Regional Development Policy</p>	2018/05/08	131
<p><b>Department of Public Works and Government Services</b></p> <p>Hon. Carla Qualtrough, P.C., M.P., Minister of Public Services and Procurement</p> <p>Marie Lemay, Deputy Minister</p> <p>Les Linklater, Associate Deputy Minister</p> <p>Marty Muldoon, Chief Financial Officer</p> <p>Michael Vandergrift, Associate Deputy Minister</p>	2018/05/10	132

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Shared Services Canada</b> Graham Barr, Acting Senior Assistant Deputy Minister Strategy Branch Alain Duplantie, Senior Assistant Deputy Minister and Chief Financial Officer Corporate Services Ron Parker, President	2018/05/10	132



## APPENDIX C LIST OF WITNESSES

The following table lists the witnesses who appeared before the Committee at its meetings related to this report held during its study of the Main Estimates 2018-19: Votes 1, 5, 10, 20, 25, 30, 35 and 40 under Treasury Board Secretariat. Transcripts of public meetings are available on the Committee's [webpage for the study](#).

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Food Inspection Agency</b> Barbara Jordan, Vice-President Policy and Programs Branch	2018/06/11	139
<b>Department of Finance</b> Adelle Laniel, Chief Financial Officer Financial Management Directorate, Corporate Services Branch	2018/06/11	139
<b>Department of Fisheries and Oceans</b> Philippe Morel, Assistant Deputy Minister Aquatic Ecosystems Sector	2018/06/11	139
<b>Department of Foreign Affairs, Trade and Development</b> Colin Barker, Director Softwood Lumber Division	2018/06/11	139
<b>Department of Indigenous Services Canada</b> Paul Thoppil, Chief Finances, Results and Delivery Officer	2018/06/11	139
<b>Department of Industry</b> Philippe Thompson, Assistant Deputy Minister Corporate Management Sector	2018/06/11	139
<b>Department of Natural Resources</b> John Kozij, Director General Trade, Economics and Industry Branch, Canadian Forest Service	2018/06/11	139

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Department of the Environment</b> Dilhari Fernando, Director General Policy, Planning and Partnerships Directorate, Meteorological Service of Canada	2018/06/11	139
<b>Department of Transport</b> Lori MacDonald, Assistant Deputy Minister Safety and Security  Pierre-Marc Mongeau, Assistant Deputy Minister Programs	2018/06/11	139
<b>National Research Council of Canada</b> Roger Scott-Douglas, Secretary General	2018/06/11	139
<b>Office of the Commissioner for Federal Judicial Affairs</b> Marc A. Giroux, Commissioner Errolyn Humphreys, Director Finance, Administration and Strategic Planning	2018/06/11	139
<b>Treasury Board Secretariat</b> Renée LaFontaine, Chief Financial Officer and Assistant Secretary Corporate Services Sector  Brian Pagan, Assistant Secretary Expenditure Management Sector  Marcia Santiago, Executive Director Expenditure Management Sector	2018/06/11	139

## REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 3, 12, 17, 22, 50, 52, 56, 64, 95, 133, 142, 144, 145, 148, 149, 154, 156, 157 and 159](#)) in relation to the Committee's study of the estimates process, [meetings Nos. 128 to 132](#) in relation to the Committee's study of the Main Estimates 2018-19: Vote 1 under Canada Post Corporation, Vote 1 under Canada School of Public Service, Vote 1 under Canadian Intergovernmental Conference Secretariat, Vote 1 under Canadian Transportation Accident Investigation and Safety Board, Votes 1 and 5 under Department of Public Works and Government Services, Vote 1 under Office of the Governor General's Secretary, Vote 1 under Office of the Parliamentary Budget Officer, Vote 1 under Office of the Public Sector Integrity Commissioner, Vote 1 under Privy Council Office, Vote 1 under Public Service Commission, Vote 1 under Senate, Votes 1 and 5 under Shared Services Canada, Votes 1, 5, 10, 20, 25, 30, 35 and 40 under Treasury Board Secretariat, and [meeting No. 139](#) in relation to the Committee's study of the Main Estimates 2018-19: Votes 1, 5, 10, 20, 25, 30, 35 and 40 under Treasury Board Secretariat) is tabled.

Respectfully submitted,

Tom Lukiski  
Chair





## **DISSENTING REPORT FROM THE CONSERVATIVE PARTY OF CANADA**

*“With the creation of the Treasury Board Central Vote 40, Parliament was asked to provide authority to spend on many measures that were announced in Budget 2018 which had not yet gone through the scrutiny of the Treasury Board submission process. In doing so, Parliamentarians’ ability to scrutinize and oversee government spending has been reduced. Evidence suggests that these procedural changes have not accelerated the Government’s implementation of budget measures.”<sup>1</sup>*

*– Parliamentary Budget Officer*

The Conservative Party of Canada (CPC) is disappointed that the final version of this report does not contain more comprehensive recommendations based on the testimony that was heard throughout the study on estimates reform. Experts provided important insights into significant gaps in the current process and processes that may deprive Parliament of the ability to review and scrutinize the government’s spending and reporting process. This study had the potential for making real and effective change to the way our government reports its spending plans to Canadians.

The estimates process is an important aspect of Parliamentary oversight, one that relies on upholding the values of openness, transparency, and accountability. The CPC proposes the following recommendations that would strengthen the estimates process and enhance transparency in government spending. This dissenting report outlines the concerns with the direction the Committee has taken in its final report, along with the CPC’s recommendations for closing the gaps in our estimates process.

### **ALIGNING THE ESTIMATES: FACT AND FICTION**

Perhaps the most disappointing aspect of this study is the Liberal Party’s (LPC) claim of alignment between the budget and the main estimates without actually achieving alignment. Why does this matter? An alignment between these two documents would make it easier for Canadians and Parliamentarians to track government spending, and follow-through on spending commitments. Currently, the process of tracking spending requires a complex cross-referencing of all financial documents to see how and where government money is spent. It is simply unrealistic to expect the average Canadian to be able to understand these documents the way they are currently released, and as was noted during the study, Parliamentarians often don’t know how to read the documents either. In fact, the former Parliamentary Budget Officer Mr. Jean-Denis Fréchette noted that it is “...very difficult for parliamentarians to follow the money and hold the government to account for implementing its fiscal plan, as outlined in the budget.”<sup>2</sup> He went on to say that these challenges would be significantly reduced by “...preparing and presenting its budget and estimates concurrently and using a more consistent method of presentation.”<sup>3</sup>

There were recommendations made by experts and officials during the study that would help the government reach true alignment between the budget and the estimates. First, it was

recommended that the government commit to a fixed budget date that would occur prior to the release of the Main Estimates. Helaina Gaspard and Kevin Page of the Institute of Fiscal Studies and Democracy have argued that "...Canada [should] table its budget in Parliament at least two months before the start of the new fiscal year and ensure its main estimates and budget are integrated."<sup>4</sup> This could be achieved by having the budget approval process run in tandem with the estimates approval process, something Mr. Page and Mr. Fréchette have noted in their analyses of the budgetary process. On average, less than half of items announced in a budget will make it into the Main Estimates. Aligning these two processes would result in more items in the budget making it into the Main Estimates to receive Parliamentary Approval for allocation.<sup>5</sup> This would mean a more expedient and accurate reporting process.

Truly aligning these processes could require a fixed budget date to ensure that budget and estimates approvals are anticipated by departments; this would guarantee that program submissions are finished in time. The argument against fixed budget dates have been around the need for flexibility around contingencies, for example a recession or global market shock. President of the Treasury Board Scott Brison confirmed this concern, noting "there have been times, post-9/11 and different times, when in fact Finance saw fit, appropriately, to bring in a budget or a significant economic statement that contained a lot of budgetary measures...."<sup>6</sup>. However, the Standing Orders permit governments to request extensions to set dates in extenuating circumstances like those the President outlined. Currently with no fixed budget date, a department's request for funding is not finished in time to be accounted for in the government's spending plans. Numerous experts expressed their support for a fixed budget date, with many comparable international governments already undertaking the practice. In fact, a previous OGGO study on estimates reform, undertaken in 2012, presented a unanimous report that recommended implementing a fixed budget date.

Therefore, the CPC recommends:

- 1. That the government consider Recommendation 6 from the unanimous 2012 OGGO report on Estimates Reform which reads as follows: That, to the extent possible, the budget items for a given year are reflected in the main estimates for that same year; and therefore that the government present its budget in the House of Commons no later than February 1 of each year; that the Standing Committee on Procedure and House Affairs pursue amendments to the Standing Orders, procedure and practice of the House of Commons in order to move the date on which the main estimates are presented to the House back to a later date in March...*

To date, the government as well as LPC members of the Committee, have falsely stated that they have achieved alignment through the use of a new central vote, the Budget Implementation Vote, or TB Vote 40. Despite expert testimony to the contrary, the government insists that the use of this vote has aligned the processes that have been previously discussed. This is patently false for reasons outlined in the next section of this report.

## **THE BUDGET IMPLEMENTATION VOTE**

The Budget Implementation Vote (BIV), or TB Vote 40, is the government's attempt at "aligning" the budget and the main estimates. Under this vote, items from table A2.11 in Budget 2018 are eligible for funding through the BIV. This is a lump-sum vote that has no limit, amounting to over \$7 billion for the 2018-19 fiscal year that is under the sole discretion of the Treasury Board Secretariat to be voted on, implemented, and overseen. As well, all questions on programs included for allotment from this fund will be directed to TBS, regardless of the line department associated with the program.

In the Introduction section of the 2018-19 Main Estimates document on page I-1, it states: "The funds will be held centrally until supporting policy and program approvals are in place. Allocations will be regularly posted online and reported in Estimates documents along with allocations from other Treasury Board managed central votes."<sup>7</sup> The programs in Table A2.11 have not been formally vetted or approved by Treasury Board, that is to say "due diligence" has not been done. The expectation is for Parliament to approve the unvetted programs for public funds with no accountability or assurance that the programs will meet requirements. Comparing to previous years the PBO writes "...given that the Treasury Board Secretariat vetted fewer Budget 2018 measures (13, \$221 million) compared to last year (19, \$994 million), there is no evident progress."<sup>8</sup> Simply put, the government's inability to get spending out the door has rendered this attempt at "alignment" useless.

Given this is a new vote structure, the CPC believes that a thorough audit of how the vote has been used would be valuable in determining its effectiveness, and whether the trade off between reduced parliamentary oversight for alleged "alignment" has indeed been helpful in using the vote. A similar audit was performed following the use of TB Vote 35 in 2008 during the financial crisis and conducting one for the BIV would assure Canadians that the vote structure has been used appropriately and is achieving the results intended by its political masters.

The CPC believes that there are better ways to ensure the alignment of the budget and the main estimates without compromising Parliamentary oversight. Tracking the funding of the items in this vote is difficult, and unlike other programs, items within the BIV are not able to be analyzed by Parliamentarians. Since the programs are in draft phase, there are no available metrics for program delivery or success, things that other programs that have gone through the Treasury Board process contain. Kevin Page writes "[the] irony is they're asking Parliament to write a cheque, to provide these authorities, when the executive has not scrutinized the measures".<sup>9</sup>

Further, there is no spending cap on the BIV which means the government of the day can include virtually anything from the budget in future uses of the vote, undermining both the transparency and legitimacy of the government's spending plan. The Estimates documents are meant to outline real spending by department; allowing draft items to be included means that Parliamentarians are voting on incomplete information and in many cases, budgetary measures that have no plans or expected outcomes. This does not align with value for taxpayers, and it

certainly does not indicate an alignment of the budgetary and spending cycles contrary to the line of the government.

Lastly, the use of this vote does not increase transparency. The government's commitment to publishing the monthly updates to the BIV is not legislated; there is no legal requirement for the Treasury Board to follow through on its promise. Unlike other central votes which present themselves in supplementary estimates, BIV allocations only appear by reconciling the Main Estimates, the online reporting mechanism from TBS, and the Supplementary Estimates operating budgets for TBS and the department that received funds. While there are "supplementary" tables provided outlining new allotments, they are not recorded in the official document that is tabled in the House. The Parliamentary Budget Office reported "...parliamentarians will need to judge whether the Government's most recent efforts to align the Budget and the Estimates results in an improvement in their oversight role, and if they are willing to accept incomplete information and weaker spending controls to help the Government to expedite the implementation of Budget measures".<sup>10</sup> The Opposition decidedly does not accept this trade-off.

Parliamentarians are relying on government to keep their reporting promise to be able to follow the money in the BIV. It's worth noting that this government has promised to produce reports for numerous initiatives including Shipbuilding, Phoenix, Defence operations, Canada Post and likely many more on which they ended up renegeing.

Therefore, the CPC recommends the following:

2. *That, in accordance with the practice that was established in the 2018 use of a similar central vote for budget items, the Treasury Board Secretariat undertake a full audit of the programs that received allocations or approval for allocations under the Budget Implementation Vote and that the results of the audit be published as was done in 2008.*
3. *That the Treasury Board Secretariat remove the Budget Implementation Vote from the Estimates process.*
4. *That, should the government continue with the Budget Implementation Vote the Treasury Board Secretariat impose a dollar amount cap on the expenditures that can be included in it.*
5. *That all items approved for the allocation of central vote funds must meet a minimum threshold of due diligence from the Treasury Board Secretariat that, since a funding amount has been reached, includes a one-year projection for spending plans, projected success measures, and methodology for the use of the funds, in absence of having a completed submission.*
6. *That Budget items earmarked to receive funding through the Budget Implementation Vote, in accordance with the government's Policy on Results, include the program*

*objectives, projected measures of success, and purpose in the Departmental Plans regardless of the status of approval.*

- 7. If at the time of approval for central vote funds, program details and expected results for a recipient program or department are not included in the departmental plans, that a program plan identical to those provided in the departmental plans be appended to subsequent estimates.*
- 8. That the Treasury Board Secretariat endeavour to treat items falling under the Budget Implementation Vote as a transfer specifically so that items within the central vote may be directly reported by the respective department in supplementary estimates following release and approval of the main estimates.*

## **RELIABLE AND TRANSPARENT REPORTING**

Departmental plans are an important, and often overlooked, document provided by departments that outline their performance goals. Tabled as Part III of the Estimates, the Departmental Plans include indicators for major issues facing their mandates, as well as staffing and financial projections. In order to measure the success or failure of departments in meeting their goals, the Departmental Plans are compared against the Departmental Results Report released the following year which indicate met and missed targets. Reconciling these two documents shows that there are numerous problems with the way departments are recording and measuring their projections. Unfortunately, as with many of the other proposed reforms by the government, the changes to the Departmental Plans have been abject failures.

The first problem area identified has been the consistent changing of metrics to measure program and activity performance by departments. In many cases, because there is no standard process for measuring progress many areas in the departmental plans indicate “TBA” or “N/A” in their performance indicators. In many cases, these measures shift from year to year, making the data being used for program measurement unusable since they cannot be compared against previous years. The Parliamentary Budget Office has noted this discrepancy, pointing to a significant gap in the spending identified in the budget and departments’ anticipated results.<sup>11</sup> This is problematic for Parliamentarians and Canadians who are seeking to validate the work of the departments in question. To put this concern into context, a November report published by the Parliamentary Budget Officer found that almost 50% of all performance measures did not have results targets, and 44% had no results for the previous years to compare against.<sup>12</sup> The scrutiny of the Departmental Plans continues with the governments failure to include any of their budget measures in their plans, particularly since they are requesting Parliament’s approval for these measures.<sup>13</sup>

Without clear and accurate data to measure departmental performance, there is no way for Parliamentarians, Canadians or officials to hold Ministers or departments to account. An absence of so many measurement metrics in the 2018 departmental plans void these tabled documents of any discernable value to Parliament. Therefore, the CPC strongly encourages the

government to immediately implement a standard system of measurement for program and departmental performance so that data collected for target assessment is reliable and consistent.

Therefore, the CPC recommends the following:

9. *That the Treasury Board Secretariat provide the Parliamentary Budget Office with all details, including costing methodologies underpinning all items in Central Vote 40 or the Budget Implementation Vote, to ensure that Parliamentarians have confidence in the Treasury Board's rationale in approving these items before a full program review has been completed.*
10. *That the Treasury Board Secretariat require that all spending details for programs included in the main estimates and supplementary estimates appear in the departmental plans, especially in cases where the funding has been approved prior to allocation.*
11. *That the government adopt Recommendation 2 from the unanimous 2012 OGGO report on Estimates Reform which reads as follows: That the Treasury Board of Canada Secretariat transition the estimates and related appropriations acts from the current model to a program activity model, [and] that they assist federal departments with this process...*
12. *That the government adopt Recommendation 7 from the unanimous 2012 OGGO report on Estimates Reform which reads as follows: That the government identify separately in the main and supplementary estimates all new funding that is included in the votes, and that it is cross-referenced to the appropriate budget source*

## **THOUGHTS ON MOVING FORWARD**

The CPC believes that future accounting must be reflective of tangible and realistic investments. The financial documents discussed throughout this study have become communications products, unreliable for realistic future spending and results measurement. It is imperative that estimates and budget documents provide Canadians with accurate and descriptive information so that they can make informed decisions on the government's spending priorities. This includes a return to accounting practices that identify that government priorities are indeed inline with real funding that can be tracked back to the source and forward to expected results. The line between government funding announcements and the public accounts must be traceable in a way that does not require expert analysis. This is the best way to remain accountable to Canadians for the hard-earned public tax dollars that are being spent by its government. The CPC calls on the government to commit to truth in accounting. The public purse is not a tool for governments to signal interest in policy areas. Rather, financial accounting should be clear, concise, and connected with real dollar figures that identify real spending.

## CONCLUSION

To ensure the integrity of our financial system, the government must commit to implementing real change. This cannot be another lip-service policy announcement. There have been clear gaps in Canada's estimates and budgetary process identified, and they must be closed. Canadians deserve to have access to clear, concise, and accurate information regarding how government is spending their tax dollars. The President of the Treasury Board stated in 2016 "[the] responsibility of Parliament and of parliamentary committees to hold government to account for government spending is essential. The current system is not designed to be understood." It's unclear what has changed in the two years since that committee appearance, but what is clear is that the government does not appear to want actual estimates reform. Rather, the government wants to provide band-aid solutions to serious problems and say that they fixed the system. The government spending structure is outdated, overly-complicated, and needlessly cumbersome. The CPC is hopeful that the government will internalize this report and use it to develop its reforms to the estimates process.

---

<sup>1</sup> Kristina Grinshpoon, Tim Scholz, Office of the Parliamentary Budget Officer, *Fall Economic Statement 2018: Issues for Parliamentarians*, December 11, 2018

<sup>2</sup> Jean-Denis Fréchette, Parliamentary Budget Officer, *Evidence*, 1<sup>st</sup> Session, 42<sup>nd</sup> Parliament, Meeting No. 95, June 20, 2017

<sup>3</sup> Ibid.

<sup>4</sup> Helaina Gaspard, Kevin Page, Institute of Fiscal Studies and Democracy, *Compared with its peers, Canada's budget process leaves room for improvement*, Globe and Mail, January 30, 2018.

<sup>5</sup> Chris Matier, Trevor Shaw, Jason Stanton, Office of the Parliamentary Budget Officer, *Budget 2018: Issues for Parliamentarians*, March 15, 2018

<sup>6</sup> Scott Brison, President of the Treasury Board, *Evidence*, 1<sup>st</sup> Session, 42<sup>nd</sup> Parliament, Meeting No. 50, October 24, 2016

<sup>7</sup> Treasury Board Secretariat, *2018-19 Main Estimates, Part I – Government Expenditure Plan*, April 16, 2018.

<sup>8</sup> Jason Stanton, Office of the Parliamentary Budget Officer, *The Government's Expenditure Plan and Main Estimates for 2018-19*, May 1, 2018

<sup>9</sup> Kevin Page quoted in Samantha Wright Allen, *Brison's \$7-billion budget vote weakens parliamentary scrutiny of spending: current, ex-PBO*, Hill Times, May 2, 2018

<sup>10</sup> Jason Stanton, Office of the Parliamentary Budget Officer, *The Government's Expenditure Plan and Main Estimates for 2018-19*, May 1, 2018

<sup>11</sup> Jason Stanton, Office of the Parliamentary Budget Officer, *Supplementary Estimates (A) 2018-19*, November 8, 2018

<sup>12</sup> Ibid.

<sup>13</sup> Chris Matier, Trevor Shaw, Jason Stanton, Office of the Parliamentary Budget Officer, *Budget 2018: Issues for Parliamentarians*, March 15, 2018





## Dissenting Report from the New Democratic Party of Canada

The efforts to reform the estimates process undertaken by Hon. Scott Brison in his role as President of the Treasury Board during the life of the 42nd Parliament provide a cautionary tale to any would-be reformer of the basic systems of government, particularly where they intersect with the basic mechanisms of Parliament.

Early signs were promising. There is a wide-spread consensus that the estimates process is largely broken. Parliamentarians, as well as the public at large, struggle to understand how the financial authorities voted by Parliament relate to the policy agenda of the government.

This is partly because of the difference in accounting methods between the estimates on the one hand and the budget and public accounts on the other hand. It is also partly attributable to the fact that votes within the estimates are not categorized according to the purposes the money is meant to support.

The major problem, however, has to do with the misalignment between a given fiscal year's budget and estimates documents. Typically, federal governments have chosen to present a budget in, or around, late February. The budget preparation process is highly secretive, even within government itself, and very little information about its contents is shared with anyone outside the Department of Finance.

This means that departments, including the Treasury Board, usually have no knowledge of what will be announced in the budget while they prepare their main estimates to be tabled in the House of Commons. Until the temporary changes implemented for this parliament, the Main Estimates had to be tabled by March 1.

Just before, or just after, the Main Estimates were tabled, the government's new budget would reset the policy and financial priorities of government, but these changes would not be reflected in the Main Estimates that the House would then proceed to study for the duration of the spring sitting. Indeed, it would sometimes take up to 18 months or more for items announced in a budget to make it into the estimates process, causing significant delays between when the government announces a program and when it receives the funding needed to implement it.

In other words, problems in the interaction of the respective timelines for the budget and estimates processes were causing problems (1) for interpreting the estimates documents in relation to the government's priorities, as delineated in the budget, and (2) by lengthening delays between program announcements and implementation.

The most obvious and promising way to solve this problem would be for the Department of Finance to share more information about what will be in the budget with the Treasury Board and relevant departments in the lead up to the release of the budget.

This would mean that departments could prepare Treasury Board submissions for their new budget items in advance of the budget's release. Treasury Board could review and approve the detailed spending proposal prior to the release of the budget. This would allow for (1) the inclusion of new budget items in the main estimates for the year in which they are announced, and (2) a shorter delay between when a program is announced and when it receives the funding necessary for its implementation.

Of course, measures should be taken to safeguard the confidentiality of that information. This is not, however, a reason for that information not to be shared. Highly sensitive information is shared within government on other matters, so we can be confident that appropriate, effective safeguards can be implemented to protect the confidentiality of this information.

This solution would not have required changes to the Standing Orders or any other cooperation by Parliament. It also would not demand any tradeoff between Parliament's role in scrutinizing government's program budgets prior to granting spending authority on the one hand, and increased transparency in government's financial record keeping on the other hand.

This kind of close cooperation exists in the jurisdictions that Minister Brison has pointed to as the gold standard in well-sequenced fiscal cycles; namely, Australia and the province of Ontario.

While this solution does not require the cooperation of Parliament, it does require the cooperation of the Minister of Finance and his department. Unfortunately for Minister Brison's attempt at reform, that cooperation appears not to have been forthcoming.

Even with the deadline for tabling the Main Estimates pushed back to April 16, only \$221 million of the over \$7 billion (3.1 percent) in new budget items were approved by Treasury Board prior to tabling the 2018-19 Main Estimates. That suggests departments had very little idea which of their proposals had made it into the budget prior to its release.

This is unfortunate because, as noted by the Parliamentary Budget Officer in his report on the 2018-2019 Main Estimates, entitled: *The Government's Expenditure Plan and Main Estimates 2018-19*:

“As the President of the Treasury Board and PBO have noted previously, a significant part of Budget implementation delays stem from the Government's own internal processes. Were these to be streamlined, the Government would be able to spend money more quickly, without the need for Parliament to cede information and control. It is unclear what the Government intends to do to address this issue. However, given that the Treasury Board Secretariat vetted fewer Budget 2018 measures (13, \$221 million) compared to last year (19, \$994 million), there is no evident progress.”<sup>1</sup>

---

<sup>1</sup> PBO, [The Government's Expenditure Plan and Main Estimates 2018-19](#), 1 May 2018, p7.

It seems that in the absence of better cooperation from the Department of Finance, the President of the Treasury Board sought changes to the Standing Orders to allow more time between the release of the budget and the tabling of the Main Estimates. Presumably, this extra time, coupled with a modest increase in cooperation by the Department of Finance prior to the budget release, was intended to allow detailed spending proposals for a significant amount of new budget items to be approved by Treasury Board and included in the Main Estimates.

It therefore surprised many parliamentarians when, just weeks before tabling the Main Estimates, the President of the Treasury Board announced, through the media, that new budget items would not appear, as normal, in departmental estimates after being reviewed by Treasury Board. Instead, the plan was to create a new Treasury Board central vote, the “Budget Implementation Vote”, that would provide spending authority for all the new budget initiatives.

In addition to raising the specter of a giant spending authority with few constraints, the Budget Implementation Vote posed a challenge to Parliament’s role as a spending watchdog. It meant that the budget document would have to stand in for program descriptions in the departmental plans. It meant that that one committee, the Standing Committee on Government Operations and Estimates, would be responsible for reviewing all the new budget items of government, rather than having subject-expert committees review the new budget initiatives relevant to their subject area. The Committee’s report makes some recommendations that may help reduce the impact of these negative consequences.

Most importantly, however, it meant that parliamentarians would be expected to grant spending authority to programs before those programs went through Treasury Board’s rigorous costing process. It is through that process that many program details are decided. The fact that new budget items must no longer pass through that process before being presented to parliamentarians for spending authority means that certain questions about how money will be spent within the program may be unanswerable, in principle, prior to parliamentarians approving the funding. The questions are unanswerable because the answers have yet to be developed. As section 2.2 of the Committee report indicates, this was in fact the case with a number of departments during the 2018-2019 estimates process.

This represents a significant departure from the norm and a serious challenge to the idea of meaningful parliamentary oversight; a challenge necessitated only by the fact that Minister Brison’s zeal for estimates reform is apparently not shared by his colleagues in government, particularly the Minister of Finance and the Prime Minister.

The new Budget Implementation Vote clashes with the existing parliamentary supply process and needlessly undermines Parliament’s role as the ultimate arbiter of the public purse. While the Committee’s report makes several good recommendations, it is a significant failing of the report that it does not recommend the immediate discontinuation of this mechanism.

Therefore, it is recommended that:

## **The Treasury Board Secretariat discontinue the use of a central vote to fund new budget initiatives**

Given the clear, multi-partisan support for better aligning the information in the budget and the estimates, the report could also have recommended that the budget finally be officially incorporated into the supply process by fixing a date, or period, for its introduction in the House of Commons.

Despite the government's steadfast refusal to consider a fixed budget date in the near term, their arguments for changing the deadline for tabling the Main Estimates implicitly support a fixed budget date. One can only change the date for tabling the Main Estimates to better synchronize with the budget if one has some certainty as to when the budget will be presented.

The Committee heard from Mr. Alex Smith, Financial Analyst, Office of the Parliamentary Budget Officer, that OECD best practice is to ensure that the budget is presented and voted on by parliament prior to the beginning of the fiscal year:

“The current practice and quite frankly the OECD best budgeting principles dictate presenting the budget prior to the fiscal year. Parliament should vote prior to the fiscal year, because afterwards spending is already taking place. Plans are already in place. It's really difficult to make any changes or commentary on things that are already taking place.”<sup>2</sup>

In fact, the OECD recommendation goes further, stating that:

“The government's draft budget should be submitted to Parliament far enough in advance to allow Parliament to review it properly. In no case should this be less than three months prior to the start of the fiscal year. The budget should be approved by Parliament prior to the start of the fiscal year.”<sup>3</sup>

Rather than moving toward a system that sees more of the fiscal year's financial planning concluded before the fiscal year, the temporary Standing Order changes push consideration of the Main Estimates further in to the fiscal year and provide no guarantee as to when, or even whether, the budget will be considered by Parliament. At the very least, requiring that a budget be tabled prior to the beginning of the fiscal year would (i) move Canada closer to the OECD standard, (ii) ensure Parliamentarians see a budget before considering the Main Estimates and (iii) allow for an assessment of whether the deadline for tabling the Main Estimates makes sense *in relation to* the date for the presentation of the budget for the purpose of aligning the two documents.

---

<sup>2</sup> OGGO, [Evidence](#), 1<sup>st</sup> Session, 42<sup>nd</sup> Parliament, 95<sup>th</sup> Meeting, 20 June 2017, 1000 (Mr. Alex Smith, Financial Analyst, Office of the Parliamentary Budget Officer, Library of Parliament).

<sup>3</sup> OECD, [OECD Best Practices for Budget Transparency](#), 2002, p. 8

Therefore, it is recommended that:

**The House of Commons amend its Standing Orders to require the tabling of a budget prior the beginning of the fiscal year and, further, consider setting the deadline for some time in February in order to allow the House to dispense with consideration of the budget prior to the beginning of the fiscal year.**

The estimates process is meant to allow Parliament to appropriate funds proposed by Government to meet its obligations. However, the Committee heard in testimony from both Mr. Michael Ferguson, Auditor General of Canada, that the scope of information currently provided in the Estimates omits information vital to the government's total financial picture:

“Fundamentally we were concerned that there are some types of tax measures that, while they are appropriately accounted for as reductions of tax revenue, have the characteristics of programs that could have been issued as a grant program, for example. We felt that parliamentarians should be aware of those types of programs.”<sup>4</sup>

Ms. Martha Denning, Principal, Public Sector Accounting, Chartered Professional Accountants of Canada, provided testimony along a similar vein:

“Arguably, all expenditures of government, whether they're done through the tax system or done directly, should receive parliamentary scrutiny. If tax expenditures receive less, and it's a way to get around the process by which Parliament provides scrutiny of spending, then there's an issue.

Unfortunately, I haven't seen examples of where they've been incorporated into the estimates, but I wasn't looking for that in my research. The whole idea of tax expenditures is a tax policy question, and the simplifying of the tax act, and that's beyond what we look at. Certainly, if you're going to be looking at the estimates process, it would be an appropriate question to ask, because why wouldn't you have the same level of scrutiny?”<sup>5</sup>

Therefore, it is recommended that:

**The Treasury Board Secretariat expand the scope of information provided on non-voted authorities in the estimates documents to include tax expenditures and projections of revenue to be raised by departments, agencies and Crown corporations over the course of the year.**

---

<sup>4</sup> OGGO, [Evidence](#), 1<sup>st</sup> Session, 42<sup>nd</sup> Parliament, 12<sup>th</sup> Meeting, 10 May 2016, 1650 (Mr. Michael Ferguson, Auditor General of Canada, Office of the Auditor General of Canada).

<sup>5</sup> OGGO, [Evidence](#), 1<sup>st</sup> Session, 42<sup>nd</sup> Parliament, 12<sup>th</sup> Meeting, 10 May 2016, 1555 (Ms. Martha Denning, Principal, Public Sector Accounting, Chartered Professional Accountants of Canada).

In our opinion, the dysfunction of the current estimates process has more to do with the government's failure to coordinate within itself to present a budget and Main Estimates that reflect the same policy objectives and financial information. The alignment of these two documents could occur without any changes to the parliamentary estimates process, as such.

An effective reform of the estimates process would seek to provide parliamentarians with better information *before* they vote on the estimates, in order that they can make better decisions about which spending authorities to grant, and which to deny. The problem with the current government's attempt at reform is that parliamentarians are now being asked to approve funds for programs that have not yet been developed.

While the main estimates nominally have more information, in that all the new budget initiatives are mentioned, there is no more information about how the money will be spent than already appears in the budget. Moreover, departmental officials are less prepared to answer questions about new initiatives than they would be if the money were requested later in a supplementary estimates.

The worth of any reform to the estimates process must be judged according to the extent to which it enables parliamentarians to better discharge their duty as keepers of the public purse. Estimates should provide timely, relevant information to parliamentarians that helps them to understand the relationship between the government's spending requests and its policy objectives. We believe that, in distinction to the current government's attempt at reform, our proposals would allow the government to increase transparency without compromising the oversight role of Parliament.