



***So What? Now What?
What a Minority
Government Means to the
Financial Community***

January 23, 2020



Opening Remarks

Sherry Sharpe

President, FMI – Capital Chapter



Keynote Speaker

Diane Orange, *Assistant Deputy
Minister, Treasury Board Secretariat*

TBS Horizontal Fixed Asset Review

Financial Management Institute of Canada
January 23, 2020

**HORIZONTAL
FIXED ASSET
REVIEW** Better management.
Better value.

Ensuring federal real estate assets
generate greater value for Canadians



Treasury Board of Canada
Secretariat

Secrétariat du Conseil du Trésor
du Canada

Canada

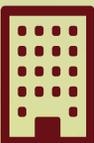
GC Real Property Portfolio: At a Glance

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The Government of Canada (GC) is the **largest real property owner** in Canada. The GC real property portfolio is sizable, diverse and complex, and provides a vital network of infrastructure throughout Canada.



The management of federal real estate is distributed across 16 departments, 11 agencies and 38 Crown corporations*



PSPC is the designated custodian of general purpose office space and provides accommodation to tenants through its mandatory program



The Government spends approximately \$10B annually to purchase, construct, repair, maintain and operate this portfolio**



Approximately 10,000 people (4% of the core federal public service) are employed across government to perform real property functions***

* Crown corporations are not scoped into the Review.

** Estimations developed using data from Public Accounts 2015-2016.

*** Workforce Analysis: Real Property Community (2016) developed by ASAS (TBS).

The GC real estate portfolio consists of approximately:*

32K buildings
15K properties

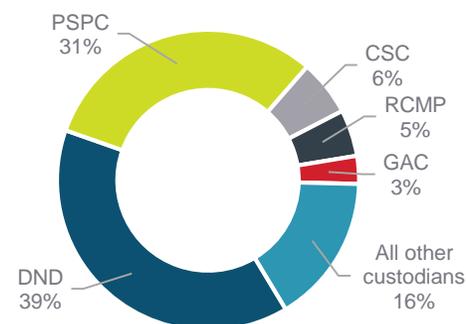
23M m² of floor area
39M hectares of land**

* These numbers include 27 custodial departments and agencies scoped into the Review.

** This number includes only managed land and national parks.

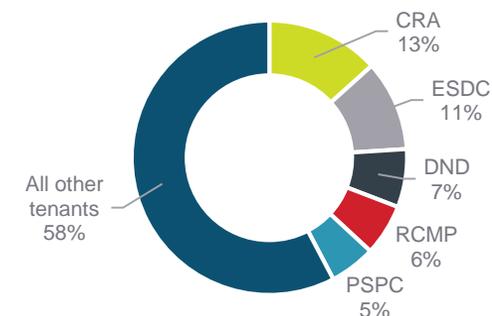
Source: FAR Dataset, extracted from the Directory of Federal Real Property (DFRP) (Feb 2018)

Top 5 Custodians by Floor Area (m²)



Source: FAR Dataset, extracted from DFRP (Feb 2018)

Top 5 Office Tenants by Floor Area (m²)



Source: PSPC Dataset, extracted Sept 2018

Horizontal Fixed Asset Review: Overview

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Budget 2017 committed the Government to “initiate a three-year horizontal review of federal fixed assets, staged by asset-type – e.g., engineering assets, science facilities, etc. A comprehensive review of government fixed assets has not been completed in decades.” By launching this Review, the Government acknowledged the value of real property as a key enabler of program delivery.

Horizontal Fixed Asset Review (FAR)

Cross-cutting issues (e.g., custody, funding, portfolio management) are assessed throughout the Review



Phase I:
Science &
Technology



Phase II:
Office & Other



Phase III:
Engineering &
Other



Phase IV:
Security and
Safety &
Other



Expected Outcome

Improve the management of fixed assets, including divesting legacy holdings, reducing footprint, and strengthening governance and oversight

FAR Objectives

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The Review envisions a right-sized, strategically managed, prudently stewarded, sustainable and carbon-neutral portfolio that supports government programs and delivers value for money

Governance Model

Assess the current governance model, including custody, management, oversight, and real property professionalization. Provide advice on optimal business model.

Portfolio Management

Assess the state of real property portfolio (e.g., age, condition, utilization), and the maturity of demand and supply integration. Provide advice on the most effective portfolio management practices.

Leveraging

Explore opportunities to leverage real property portfolio to achieve broader government objectives (e.g., greening, affordable housing, reconciliation, heritage), and enhance the value of real property assets for Canadians.

Funding Sustainability

Assess the current financial management environment (e.g., expenditures, trends, deferred maintenance, revenues, accounting protocols) and levels of funding to provide advice on long-term financial sustainability.

Divestiture

Assess the current disposal surplus property inventory, and provide advice on innovating and streamlining the business process for the disposal of surplus properties

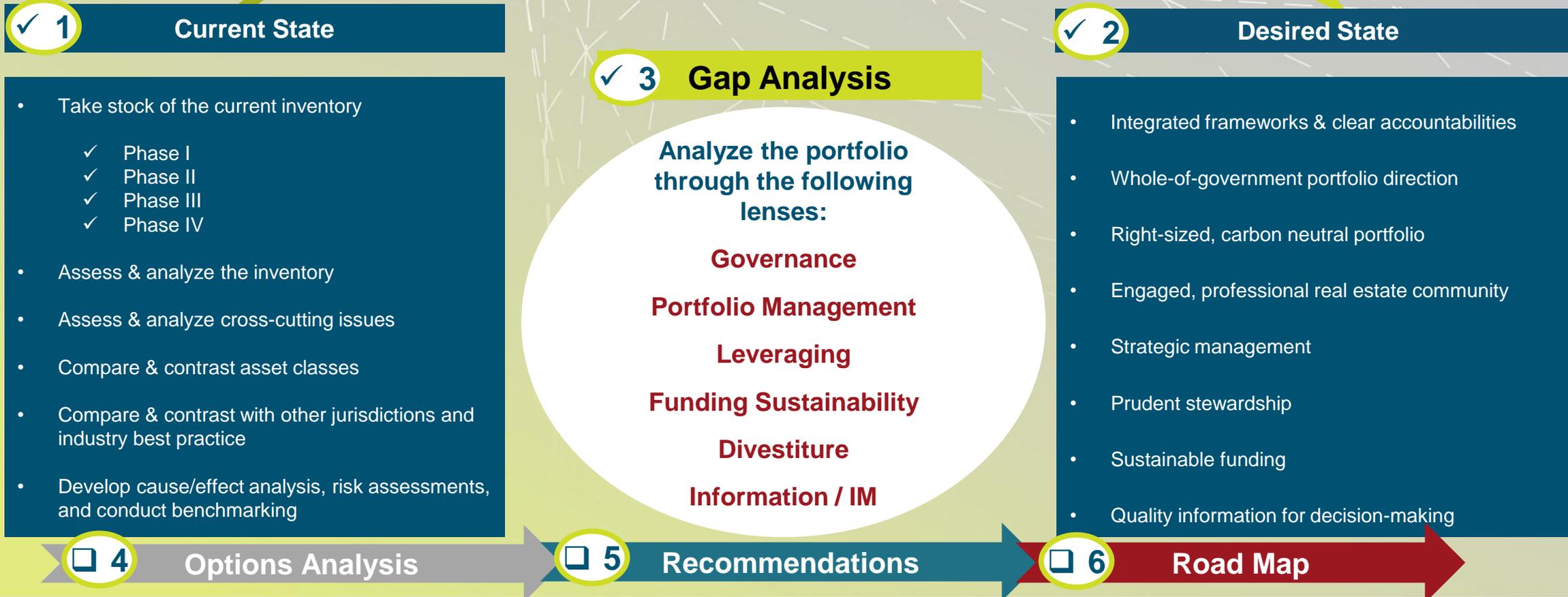
Information / IM

Assess the current state of real property data and information management systems. Provide advice on how to improve data quality and information management in support of evidence-based decision-making.

FAR Logic Model & Status Update

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The Review employs a methodology to take stock of the current state of the portfolio (“as is”), frames the “desired state”, and conducts a gap analysis. On this basis, the Review will develop a roadmap for action.



Overall Findings & Observations

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The Review's analysis shows that macro findings are generally consistent across all asset classes and custodians, noting some peculiarities of each asset class and custodial organizations.

Governance Model

Real property as a key corporate asset is integral to modern government, and is an essential element of government-wide comptrollership and departmental accountability.

Portfolio Management

The Government of Canada (GC) portfolio is aging, the condition of assets deteriorating, and obsolescence is an issue. This presents an opportunity to right-size and modernize the portfolio in support of current and future program requirements.

Leveraging

There is an opportunity to transform the legacy perception of real property (RP) as cost-driver and source of risk to a strategic enabler that can be proactively leveraged to advance broader government objectives (e.g., attract and retain talent, rural and regional economic development, accessibility).

Funding Sustainability

Given the age and condition of the portfolio, deferred maintenance costs are high and are expected to increase. There are systemic funding pressures in Operating & Maintenance and Capital, and purchasing power is eroding.

Divestiture

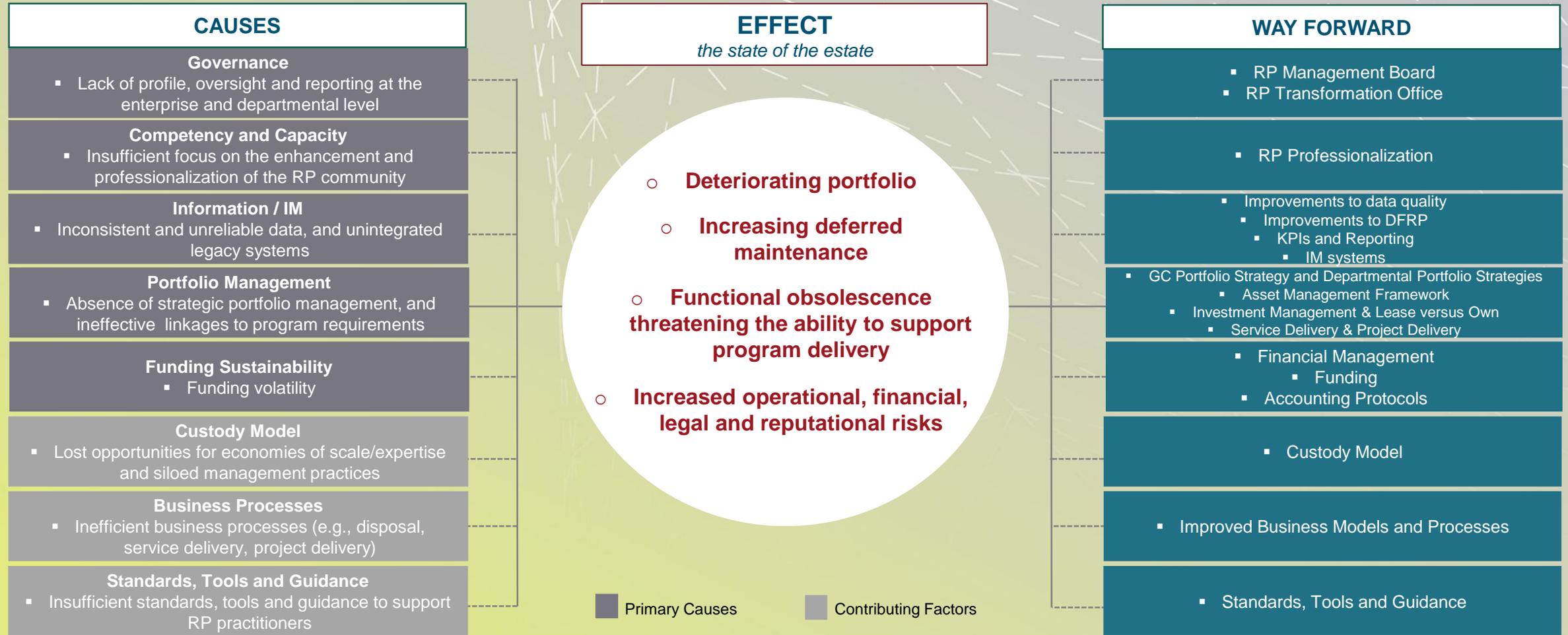
The disposal process of surplus properties is cumbersome, slow and inefficient. There are opportunities to innovate and accelerate cycle time for disposals, which will reduce liabilities and generate financial return.

Information / IM

The Directory of Federal Real Property (DFRP) is a central registry for GC real property. Custodians use a wide variety of IM systems for different functions. There are opportunities for improving data quality, integrating systems and utilizing a variety of business intelligence tools in real property management.

Cause & Effect

A number of inter-connected, systemic and complex causes (noted below) have led to the current state of the GC portfolio. Mindful and intentional actions need to be taken on multiple fronts simultaneously given the interdependencies between the multi-faceted causes.



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Financial Management



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Legislative and Policy Context

The Real Property financial environment is governed by a complex set of legislations, policies, strategies, tools, practices and procedures. Key legislations include:

- *Financial Administration Act*
- *Federal Real Property and Federal Immovables Act*
- *Appropriations Act*
- *Federal Accountability Act*
- *Canada Labour Code, Part II*
- *Canadian Environmental Protection Act*

Policy Framework for the Management of Assets and Acquired Services

- *Policy on the Planning and Management of Investments*
- *Policy on the Management of Real Property**
- *Directive on the Sale or Transfer of Surplus Real Property**
- *Accessibility Standard for Real Property**
- *Appraisals and Estimates Standard for Real Property**
- *Reporting Standard on Real Property**
- *Fire Protection Standard**
- *Guide to the Management of Real Property*

Policy on Financial Management

- *Directive on Accounting Standards*
- *Guideline on Departmental Chart of Accounts Line Object Codes*

TBS Management Accountability Framework (MAF)

MAF is the framework for management excellence, accompanied by an annual assessment of management practices and performance in most departments and agencies of the Government of Canada.

Key Datasets holding real property related data

- Public Accounts
- The Directory of Federal Real Property (DFRP)
- The Federal Contaminated Sites Inventory (FCSI)

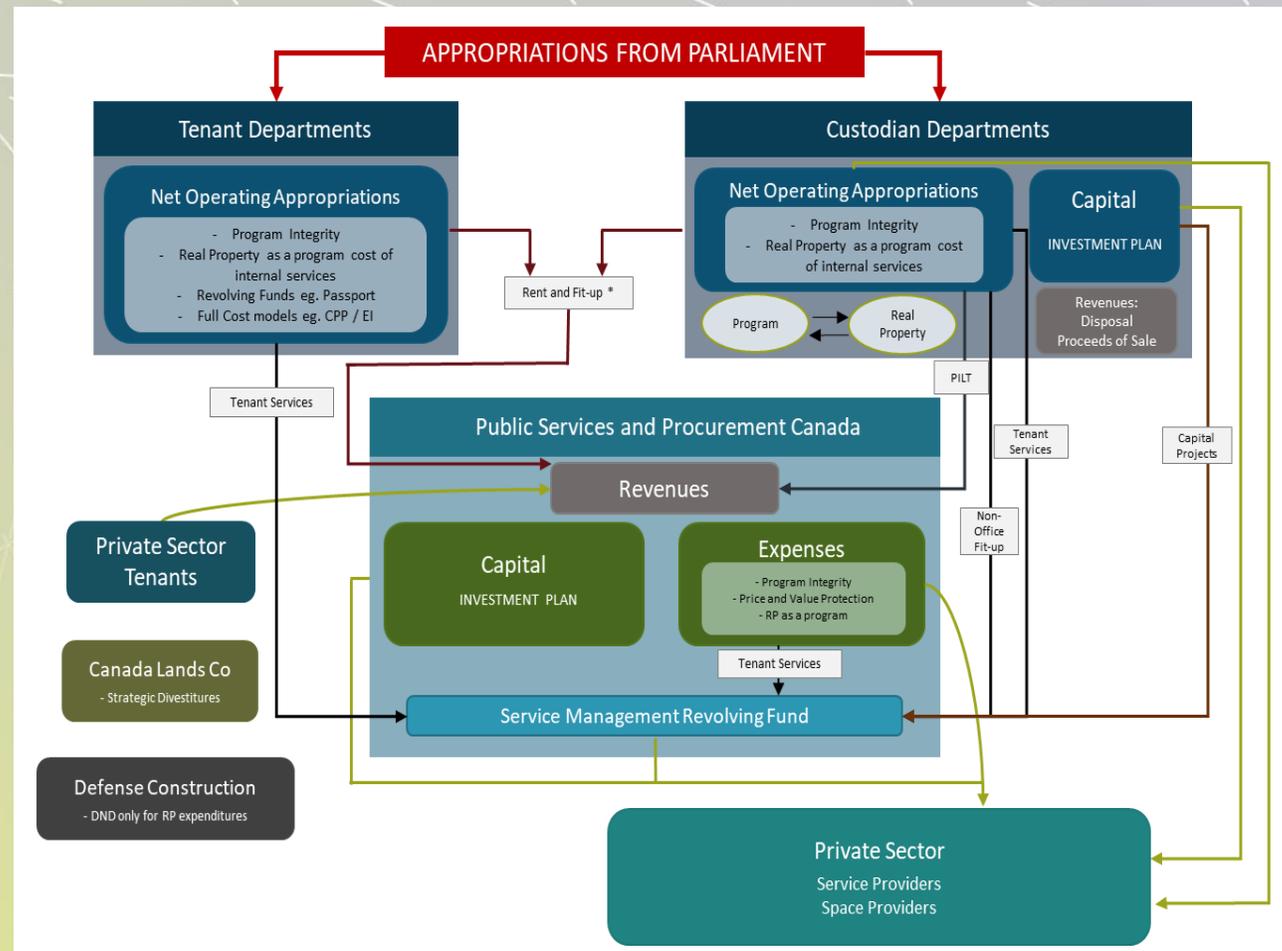
* The Directive on the Management of Real Property will replace these TB policy instruments.

Observations on the Current Funding Model

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The way real property expenditures are accounted for is complex due to the real property funding framework.

- The current funding model is based on the real property management regime established by the Nielsen Task Force (1985). This regime includes tenants, custodians and PSPC as the common service provider. This results in variations in business volumes depending on the business model chosen by custodians.
- PSPC is the only custodian with special-purpose allotments for the management of real property.
- Other custodians are subject to the internal annual funding allocation processes which can result in fluctuations to real property funding.
- PSPC has the ability and competency to argue for funding to protect against inflationary pressures and fluctuations in portfolio size, which would otherwise lead to the natural erosion of real property budgets over time.
- Optional real property services (e.g., property management, and technical services) are provided to custodians by PSPC, and supported by a funding mechanism – the Real Property Services Revolving Fund.



* Costs exceeding the tenant space allowance or Fit-up Standards only.

Accounting Protocols – Preliminary Analysis

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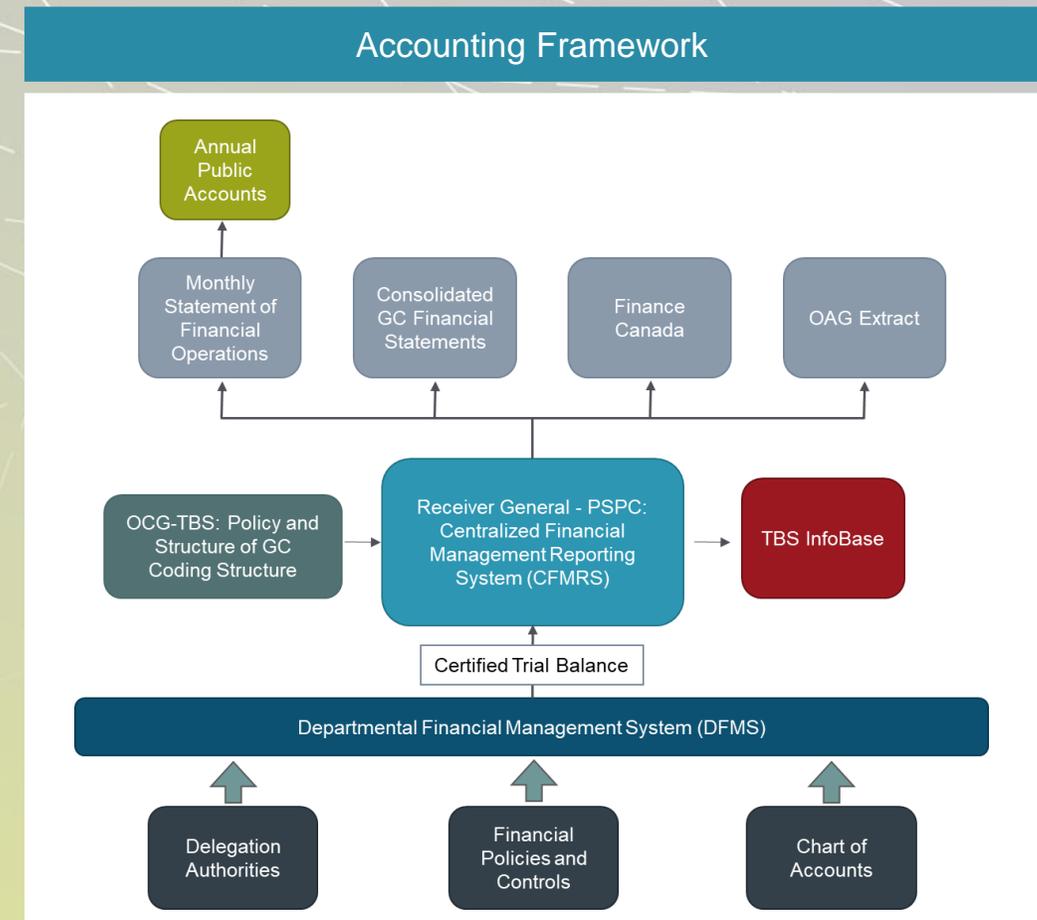
When implemented and monitored correctly, integrated accounting protocols can provide necessary information required to support effective real property management.

The Government of Canada's accounting policies are based on Public Sector Accounting Standards.

- In 2002, the Public Sector Accounting Board (PSAB) recommended that senior levels of government adopt accrual-based private sector accounting practices for financial reporting purposes. This involves the capitalization and depreciation of tangible capital assets rather than the practice of expensing items (PSAB 3150).
- The current chart of accounts supports the reporting requirements for program and responsibility centre monitoring as well as financial reporting requirements, set out in the Public Accounts and PSAB for financial statement reporting.

Although there is a financial structure in place to report on real property, there are *no shared reporting practices* among custodians.

- The only enterprise-wide database for real property reporting is the DFRP, which does not include any financial data.
- In addition, not all real property assets are reported in the DFRP (e.g., engineering assets).
- Unique identifiers (or pivot references) would be required to help integrate real property and financial systems.

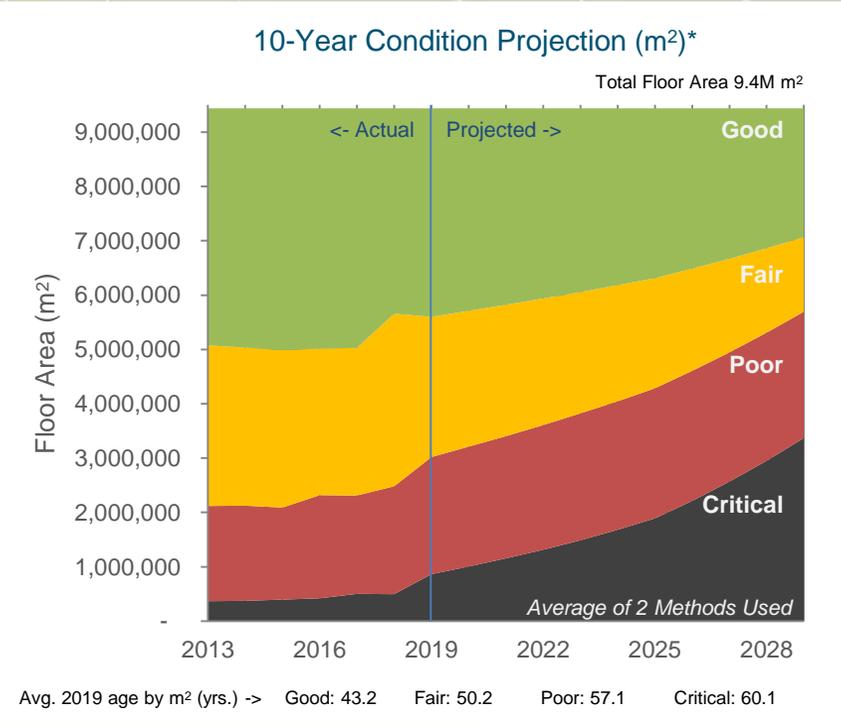
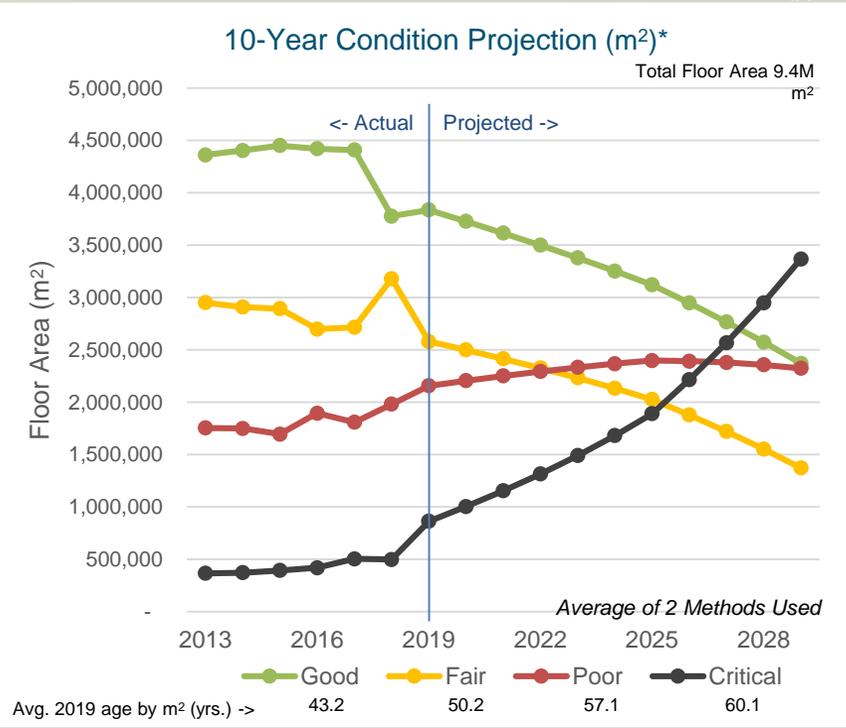


Current State of the Portfolio

The Review findings demonstrate that the Government of Canada (GC) real property portfolio is aging, and deferred maintenance costs are increasing while the condition and functionality of assets are declining. This accelerating deterioration increases operational, financial, legal and reputational risks and liabilities, compromising the portfolio's ability to support federal programs and broader government objectives.

In the next 10 years, more than half of the total GC floor area will be in Poor and Critical condition, with Critical surpassing all other condition types.

Cost to cure deferred maintenance increases significantly for assets that are in Critical condition – 12 times higher for S&T assets and 5.5 times higher for office buildings



S&T Deferred Maintenance cost per m² by condition category

Condition Categories	DM Cost per m ²
Good	\$277
Fair	\$676
Poor	\$906
Critical	\$3,211

Office Deferred Maintenance cost per m² by condition category

Condition Categories	DM Cost per m ²
Good	\$169
Fair	\$491
Poor	\$472
Critical	\$953

* The data used for the projections represents the building condition information reported to the DFRP over time (2013-2019) by floor area (m²), excluding DND and engineering assets.

Questions & Answers

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THANK YOU



Panel Discussion on Fixed Assets

Moderator: Mike Hawkes

Diane Orange, *Assistant Deputy Minister, Treasury Board Secretariat*

Bill Varvaris, *Director General, Real Property and Environmental Management, Fisheries and Oceans Canada*

Nancy Fahey, *Executive Director, Assets and Security Management Sector, Canadian Food Inspection Agency*



Break / Networking



Centre of Excellence on Strategic Investment

Vincent Robitaille, *Director General,
Centre of Excellence on Strategic
Investments, Transport Canada*



Transport Canada's Centre of Excellence on Strategic Investments

Presentation by Vincent Robitaille, Director General

to Financial Management Institute

Capital Chapter,

January 23, 2020

Overview of presentation

1. Delivering Large-Scale, Commercial Transactions
2. Who We Are
3. What We Do
4. Business Model
5. Our Partners
6. How We Made a Difference
7. Success Factors
8. Questions

Delivering Large-Scale Commercial Transactions

- The Government of Canada has an ambitious program of strategic investments and business transformation initiatives.
- These large-scale initiatives can be a source of significant pride and value to Canadians when they succeed, but can also result in significant setbacks when they fail to deliver (too late, too costly, not delivering what was expected).
- These transactions require special skill sets to be successfully delivered.
- Until its dissolution in 2018, PPP Canada was a leading source of information and expertise on commercial matters for many federal departments.

Delivering Large-Scale Commercial Transactions (cont'd)

- Sufficient internal capacity to plan and implement these complex transactions is critical to success. However, many departmental policy and program leads lack the necessary expertise.
- This absence of expertise can, in part, be attributed to the fact that:
 - Individual project leads do not undertake such transactions on a regular basis thus preventing the development of dedicated in-house expertise; and,
 - Skills and expertise are typically geared at operating within the government, not the commercial world.
- This recognition led Transport Canada to address this gap by creating the Centre of Excellence on Strategic Investments, with the skills and experiences necessary to plan and execute large-scale commercial transactions in a focused, dedicated and consistent manner.



Who Are We



- The Centre of Excellence for Strategic Investments was created in April 2018 within the Policy Group of Transport Canada (TC) with two strategic primary objectives:
 - To develop and implement a robust and agile approach to strategic investment decisions; and,
 - To execute complex projects and transactions through a disciplined and commercially savvy approach.
- Led by Director General and supported by a small staff of 8-10 FTEs with significant experience and skills in the planning and execution of large-scale commercial transactions and business transformation initiatives (financial manager, procurement specialist, economist)
- Total annual budget of approximately \$1.4 million.



In all we do, good project governance is an overarching consideration, namely disciplined governance/decision-making architecture.

What We Do - World Class Strategy



- **Analysis** - Robust and timely analysis, including but not limited to economic, financial, legal and socio-economic considerations.



- **Risk Management** – Comprehensive approach to early identification, allocation and ongoing management of risks.



- **Financial Forecast** – High-quality, worldclass, financial analysis and probabilistic forecasts.



- **Expertise** - Identification of expertise gaps, and development of strategies to ensure that project teams reflect requisite skills and capacity.



- **Advice** - High-quality, evidence-based advice and actionable recommendations to senior management, Minister(s) and Cabinet.



- **Investment Decision Toolkit** - A suite of department-wide structures, tools, training and processes to support investment decisions.



- **Procurement** – Efficient procurement of expert advisory services in accordance with GC policies and legislation.

What We Do - World Class Project Execution



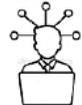
- **Planning** - Disciplined planning: plans, scheduling, scope, risk and cost.



- **Execution** - Disciplined execution: clear roles, responsibilities and accountability. Project integration and effective management of scope, schedule, cost, quality, risk and procurement.



- **Oversight** - Inclusion of appropriate oversight mechanisms by third parties where appropriate.



- **Business Acumen** - Commercial terms and conditions reflect sound allocation of risks between stakeholders and support the GC's economic, social and environmental objectives.



- **Negotiation** - Rigorous approach to negotiation preparation based on sound principles and expertise to achieve desired outcomes.



- **Transaction Close** - Appropriate, multidisciplinary teams and implementation plan to achieve successful execution of transactions (including Financial Close).



- **Results** - GC objectives central to investment decisions, results monitored and where possible integrated into the incentive structure of contracts.

Business Model

- Integrated approach to project planning and delivery, from project start to project delivery.
- Source of expertise, but not the project lead.
- Matrix-based organization which provides flexibility to assign resources quickly.
- Not typically involved in the day-to-day management of the files that it supports (ministerial briefing notes, speeches, ministerial correspondence, etc.), allowing focused and undistracted attention to progressing initiatives.
- One of the key roles of organization is to plan and execute in an effective and timely manner consulting contracts with outside financial management firms and act as a knowledgeable client.

Our Partners



- To be effective and successful, the Center must and does work closely with a number of partners.
- Overall leadership for the files is exercised by the policy/program lead responsible for a specific initiative and that ultimately has the primary responsibility for advising the Minister.
- The Centre interacts with Central Agencies (Finance, Treasury Board, PSPC, Justice) and Infrastructure Canada.

How We Made a Difference – Case Studies

- VIA Rail's High-Frequency Rail (HFR)
- The commercialization of Canadian Air Transportation Safety Authority (CATSA)
- Eastern Ferries Procurement

VIA Rail High Frequency Rail

- **Project Synopsis** - VIA's HFR project proposes to create a dedicated passenger rail network to provide faster, more frequent, reliable and safe rail service in the Windsor-Quebec City corridor, in particular between Toronto, Ottawa, Montreal and Quebec City. A faster, more frequent service is expected to increase ridership and revenues and decrease the need for Government funding.
- **TC Objective:** GC to make an evidence-based decision with respect to the investment decision.



VIA Rail High Frequency Rail

The Centre's contribution will include:



Key contributions to date:

- Defining the decision roadmap
- Determining the expertise and budget required for project definition
- Ensuring that appropriate due diligence is performed
- Implementing a robust market sounding approach
- Creating and managing DM/CEO level governance mechanism

Results to date:

- Creation of an VIA Rail/Canada Infrastructure Bank - Joint Project Office
- Investment of \$71.1M to advance and de-risk the proposal

Commercialization of CATSA

- **Project Synopsis** – The Canadian Air Transport Security Authority (CATSA) is a Crown Corporation that oversees security screening at Canadian airports. In order to ensure that the screening service remains internationally competitive as passenger volumes grow, Budget 2019 committed funding to transfer CATSA's assets and responsibilities to a new, private, non-share Capital Corporation.
- **TC Objective:** The GC successfully negotiates a mutually beneficial sale transaction



Commercialization of CATSA

The Centre's contribution will include:



Key contributions to date:

- Defining a joint implementation timeline between the seller and buyer
- Ensuring that appropriate due diligence is performed
- Providing procurement support for the selection and management of external advisors
- Ensuring that robust financial analysis is done

Key project results to date:

- Industry created a new not-for-profit entity to purchase CATSA's assets
- Successful launch of discussion with industry
- Nearing completion of financial/commercial due diligence

Eastern Ferries Procurement

- **Project Synopsis** – Procurement of two new inter-provincial ferries operating between PEI and Nova Scotia, and PEI and Îles-de-la-Madeleine, QC. The two new vessels are expected to improve the reliability and quality of service, to operate within the physical and operational limitations of existing terminals, and provide interoperability to the greatest extent possible.
- **TC Objective:** Deliver two new ferry vessels on time and on budget to improve the long-term reliability of ferry services in Eastern Canada.



Eastern Ferries Procurement

The Centre's contribution will include:



Key contributions to date:

- Strategic advice and support on project governance
- Procurement support for the selection and management of external advisors
- Support and advice on project planning

Project results to date:

- Confirmed policy direction and funding
- Completed procurement of technical advisors
- Launched negotiations with shipyard

Success Factors

Getting the right people

- Recruiting staff with diverse expertise (finance, procurement, project management)
- Employing a matrix-based organization where resources can be easily deployed where needed
- Ensuring that staff have a high level of curiosity and tolerance for ambiguity

Focusing on decision architecture

- Developing a shareholder mindset
- Identifying and mapping of risk, decision point, necessary evidence and decision makers to develop governance
- Securing outside expertise and resources commensurate with the project

Developing trust

- Getting support from the top
- Developing strong partnerships with key stakeholders
- Understanding where the organization can add value and where it does not (lead, follow or get out of the way)



QUESTIONS



Lunch / Networking



The Workings of a National Election

Hughes St-Pierre, *Chief Financial Officer, Elections Canada*

Marc Limoges, *Deputy Chief Financial Officer, Elections Canada*

Delivering a General Election / Administrer une élection générale

Financial Management Challenges / Défis de la gestion financière

Hughes St-Pierre, Deputy Chief Electoral Officer, Internal Services and Chief Financial Officer /
Sous-directeur général des élections, Services internes et Dirigeant principal des finances

Marc Limoges, Deputy Chief Financial Officer / Dirigeant adjoint des finances

23 Jan 2020

Agenda

- Elections 101
 - Roles and Responsibilities
 - The administration of an election
- Case Studies
 - Resolving your own case
- Report Findings
- Wrap Up

- Élections 101
 - Rôles and responsabilités
 - L'administration d'une élection
- Études de cas
 - Résoudre votre propre cas
- Rapport des résultats
- Conclusion

The Office of the CEO / Le bureau du DGÉ

- The office of the Chief Electoral Officer (CEO) – Elections Canada was created in 1920
- Appointed by Parliament
- Independent and non-partisan
- Reports to Parliament
- Funding structure contributes to independence
 - Administrative authority
 - Statutory authority

- Le bureau du Directeur général des élections (DGÉ) ou Élections Canada a vu le jour en 1920
- Nommé par le Parlement
- Indépendant et non partisan
- Il rend compte au Parlement
- Structure de financement qui contribue à son indépendance
 - Crédit parlementaire annuel
 - Autorité législative

The Office of the CEO / Le bureau du DGÉ

- Overall conduct of elections and administration of the *Canada Elections Act*
- Enforcement – Commissioner of Canada Elections and regular court system
- Operational Mandate:
 - General direction and supervision
 - Recruits and trains returning officers
 - National Register of Electors
 - Public education and information programs
 - Research and development
- Regulatory Compliance Mandate:
 - Political financing, including third -party regime
 - Registration of political parties and candidates

- Gestion des élections et mise en oeuvre de la *Loi électorale du Canada*
- Exécution de la *Loi* – Commissaire aux élections fédérales et système judiciaire ordinaire
- Mandat lié aux opérations électorales:
 - Direction et supervision de la conduite des élections
 - Recrutement et formation des directeurs de scrutin
 - Registre national des électeurs
 - Programmes d'information générale et d'éducation civique
 - Recherche et développement

- Fonctions liées à la conformité réglementaire:
- Financement politique, incluant les exigences pour les tiers
 - Enregistrement des partis politiques et candidats

2019 Federal Election - Scale of the Event – L'élection générale de 2019 - Envergure

More than 27M Eligible Electors

Plus de 27 millions d'électeurs sont admissible à voter

21 political parties and 2,146 candidates confirmed

21 partis politiques; 2 146 candidats confirmés

338 Electoral Districts

338 circonscriptions

31 Regions

31 régions

503 Local Elections Canada Offices

503 bureaux locaux d'Élections Canada

16,000 Polling locations

16 000 lieux de vote

300,000 Electoral Workers

300 000 travailleurs électoraux

EN : <https://vimeo.com/electionscanada/review/366850136/6e2dcf22bb>
FR : <https://vimeo.com/electionscanada/review/367045086/b1281f9a40>

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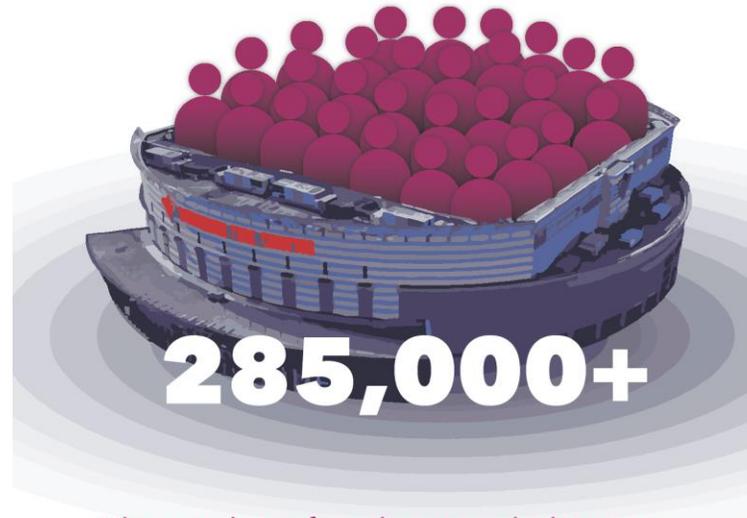


**Fonctionnaires
électoraux**

Election Officers

**SAVIEZ-VOUS QUE ?
DID YOU KNOW ?**

Le nombre de travailleurs nécessaires à la tenue d'une élection fédérale pourrait remplir le Centre Canadian Tire plus de
16 fois!



285,000+

The number of workers needed to run a federal election is enough to fill the Canadian Tire Centre more than

16 times!

Voter Information Card Carte d'information de l'électeur







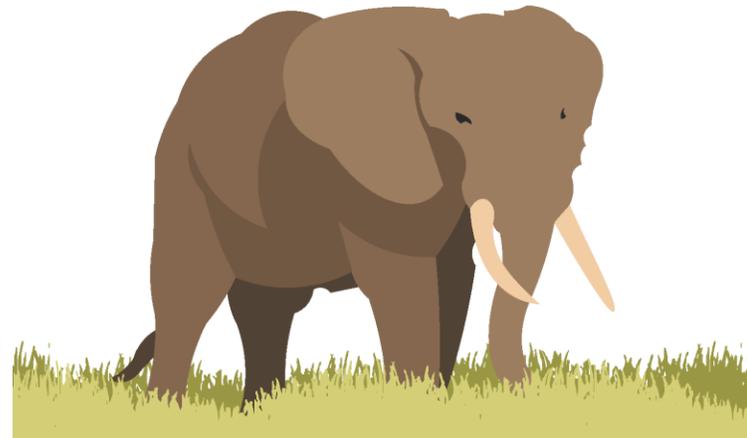
Gestion du matériel et entrepôt

Material Management and Warehouse

SAVIEZ-VOUS QUE ? DID YOU KNOW ?

Le poids du matériel électoral expédié à une seule circonscription fédérale a un poids similaire à un éléphant de la savane africaine.

Avec 338 circonscriptions, cela fait tout un troupeau de matériel!



The election materials shipped to just one federal riding weigh about the same as an African bush elephant.

With 338 ridings, that's a big herd of materials!

Storage Before Assembly

Entreposage avant assemblage



Assembly Room

Salle d'assemblage







Assembly and Storage Before Shipping Assemblage et entreposage avant expédition









Providing Services at Remote Locations Fournir un service dans des endroits isolés



Dealing with the unexpected Faire face à l'inattendu



Special Ballot Voting Location, Lundar, MB

Lieu de vote par bulletin spécial, Lundar, MB



ECHQ Results Monitoring Suivi des résultats ACEC



Return of Material Retour du matériel





The Results Agenda – Update on Ministerial Mandate Letters and the integration of financial and performance data

Alain Beaudoin, *Assistant Secretary to the Cabinet, Results and Delivery Unit, Privy Council Office*

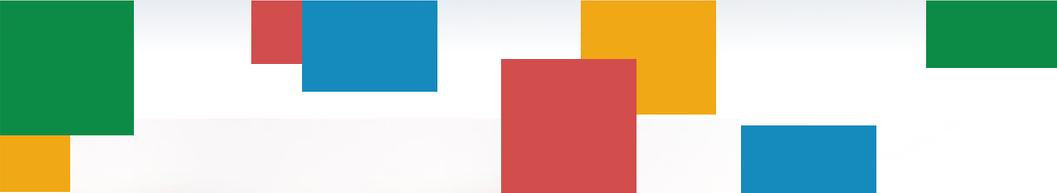


Break / Networking



The Department of Finance / Minority Government

Bradley Recker, *Director General, Fiscal
Policy, Department of Finance*

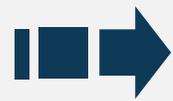


The Federal Budget
Process in Canada
Department of Finance Canada
January 23, 2020

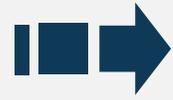


The Federal Budget

The Budget sets government policy and presents the economic outlook and fiscal forecast (5 year planning horizon)



Main vehicle for the government to communicate its policy agenda, including changes to tax policy for present and future years and provides funding for new spending measures



Provides a detailed economic outlook and projected expenditures, revenues, budgetary balance and financial requirements over the budget horizon

The Budget Decision-Making Context

Budget decisions are anchored by Canada's economic and fiscal outlook



Economic Outlook

- Informed by a survey of private sector economic forecasters to help ensure **objectivity** and **transparency**



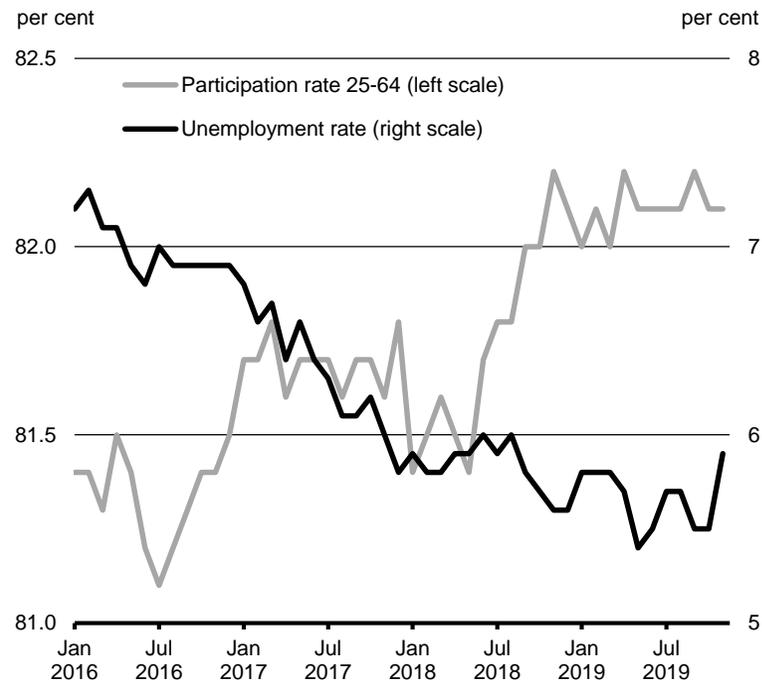
Fiscal Forecast

- Involves models that project federal expenses and revenues
- Includes other key information, for example, tax data and year-to-date results

The Budget Decision-Making Context

Economic Parameters – Unemployment Rate, Gross Domestic Product (GDP)

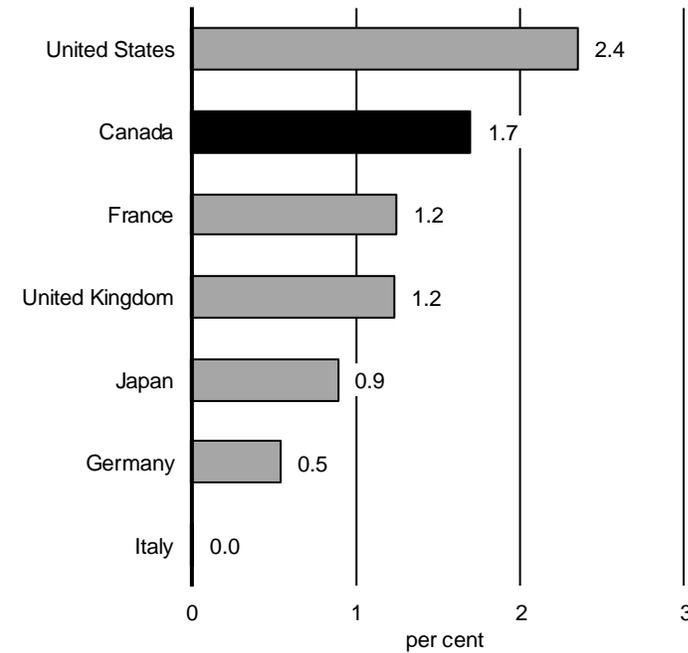
Labour Force Participation Rate and Unemployment Rate



Note: Last data point is November 2019.
Source: Statistics Canada, *Economic and Fiscal Update 2019*

Gross Domestic Product (GDP)

G7 Real Gross Domestic Product (GDP) Growth Outlook for 2019

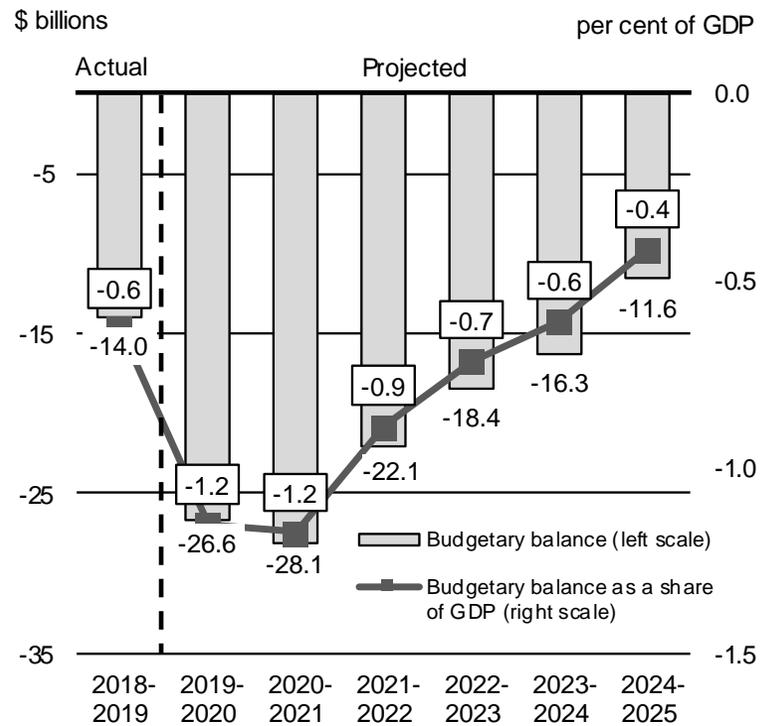


Sources: *Economic and Fiscal Update 2019*, International Monetary Fund (IMF), October 2019
World Economic Outlook (WEO) for other countries

The Budget Decision-Making Context

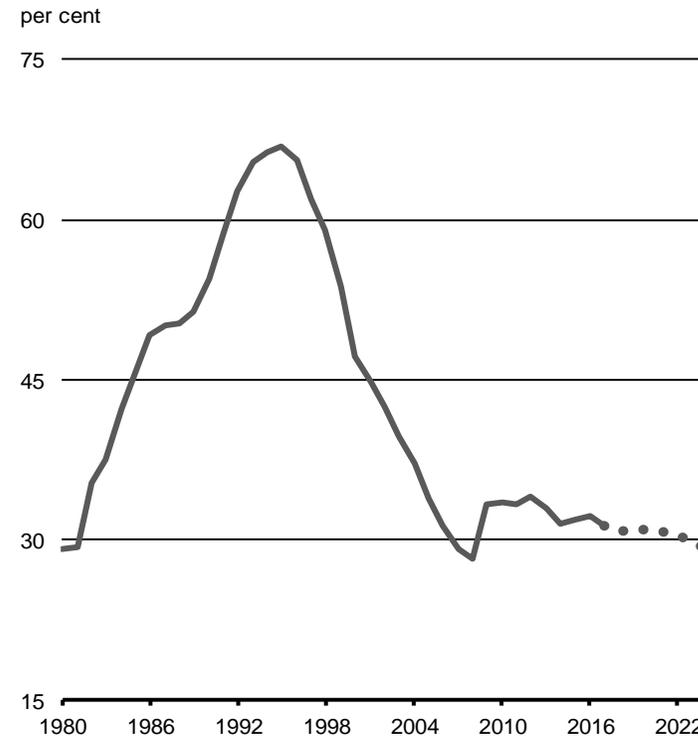
Fiscal Parameters – Budgetary Balance, Federal Debt-to-GDP Ratio

Budgetary Balance



Source: Department of Finance Canada (*Economic and Fiscal Update 2019* Fiscal Reference Tables)

Federal Debt-to-GDP Ratio



Source: Department of Finance Canada (*Economic and Fiscal Update 2019* Fiscal Reference Tables)

The Budget Decision-Making Process

The Budget is a dynamic exercise mobilizing a variety of players.



Citizens and Stakeholders

- Elections set key platform commitments informing decisions
- Pre-budget consultations provide a forum for civil society, industry and public sector input



Ministers

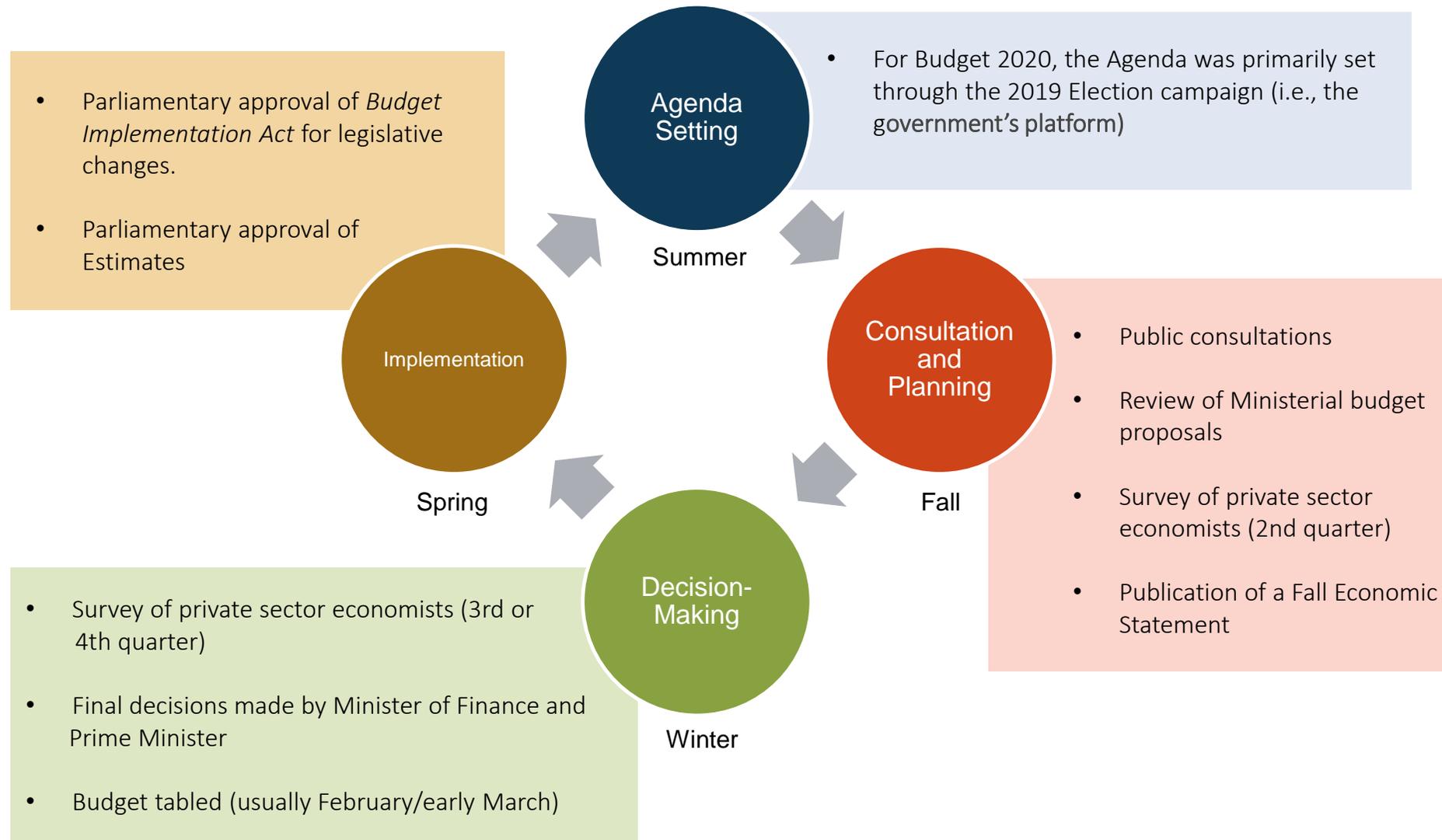
- Ministers make budget proposals related to their portfolios
- Minister of Finance and Prime Minister set the policy and fiscal direction; make final budget decisions



Parliament of Canada

- Parliament approves the Budget motion and *Budget Implementation Act*

The Budget Cycle:



The Budget and Canada's Legislative Process

In Canada, all federal expenditures are enabled by law in one form or another.



The *Budget Implementation Act* (BIA) enacts the necessary legislative changes required to implement budget decisions

- E.g., New or amended tax rules, changes to transfers to persons and other levels of government



The **Estimates** Process is the mechanism for Parliament to approve departmental funding proposed in the budget through Appropriation Acts

- Supported by the Treasury Board, which approves departmental funding, based largely on the parameters set out in the budget



The Federal Budget
Process in Canada
Department of Finance Canada
January 23, 2020

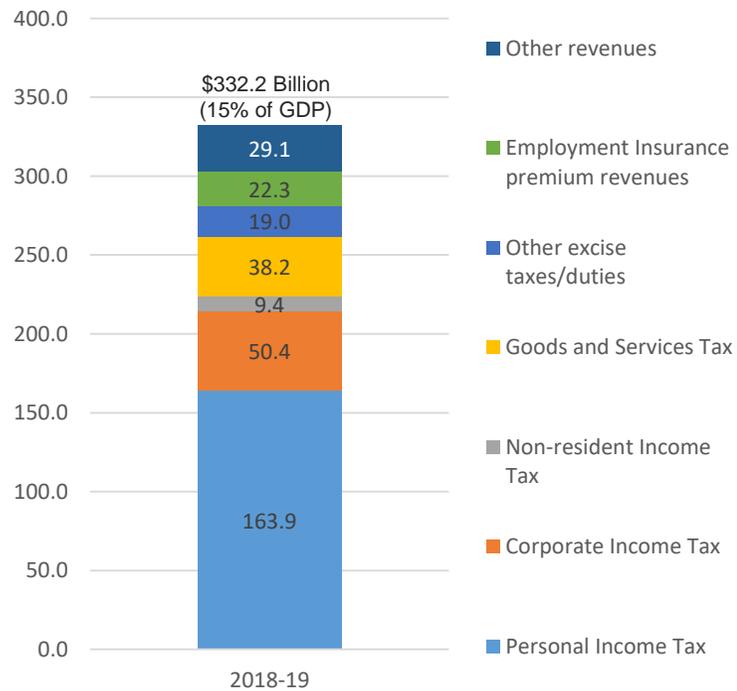


The Budget Decision-Making Context

Fiscal Parameters - sources of Revenues and Expenditures (2018-19 Actuals)

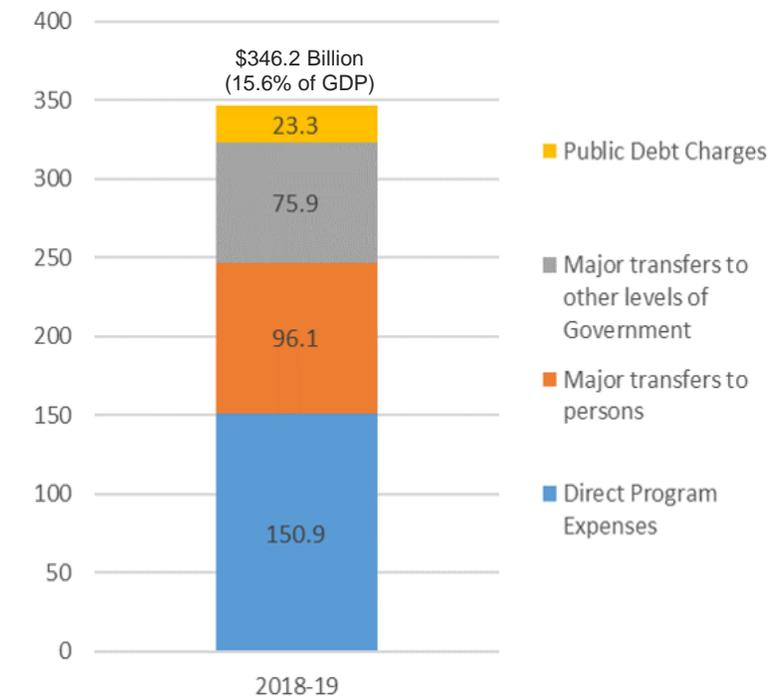
Revenues

(\$Billion)



Expenses

(\$Billion)



Source: Annual Financial Report of the Government of Canada Fiscal Year 2018-2019



Closing Remarks

Sherry Sharpe

President, FMI – Capital Chapter



Thank you!