



PD WEEK 2022

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Developing the federal budget

What happens to your budget ask?



Budget overview

Sets government policy and presents the economic outlook and fiscal forecast (usually 5-year planning horizon)

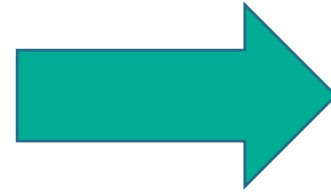
- Prepared by the Department of Finance, based on proposals from all Ministers
- Main vehicle to communicate government's policy agenda and to provide funding for new spending measures
- Detailed economic outlook and projected expenditures, revenues, budgetary balance and financial requirements over the budget horizon

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 (since 1994) to help ensure objectivity and transparency

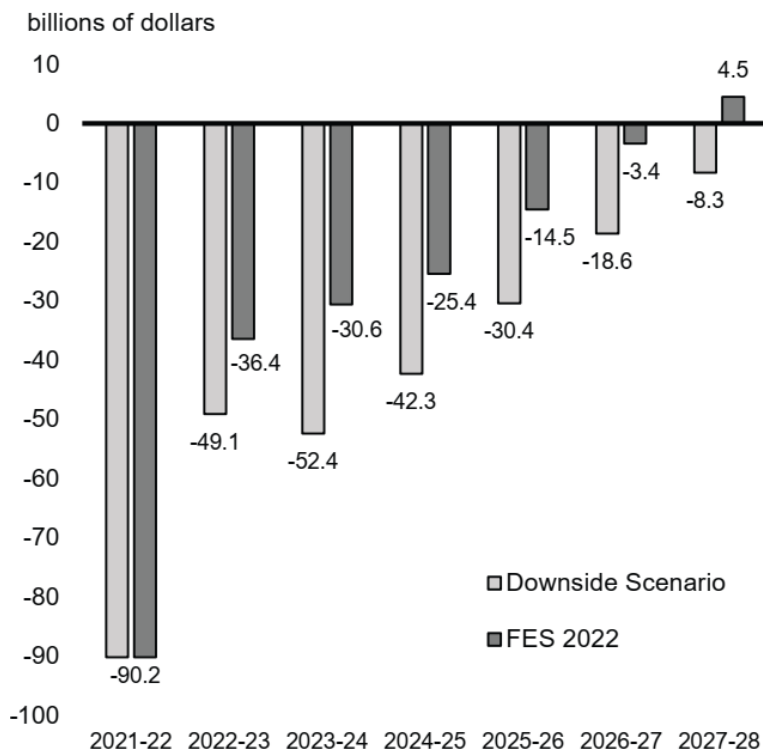


Fiscal Outlook

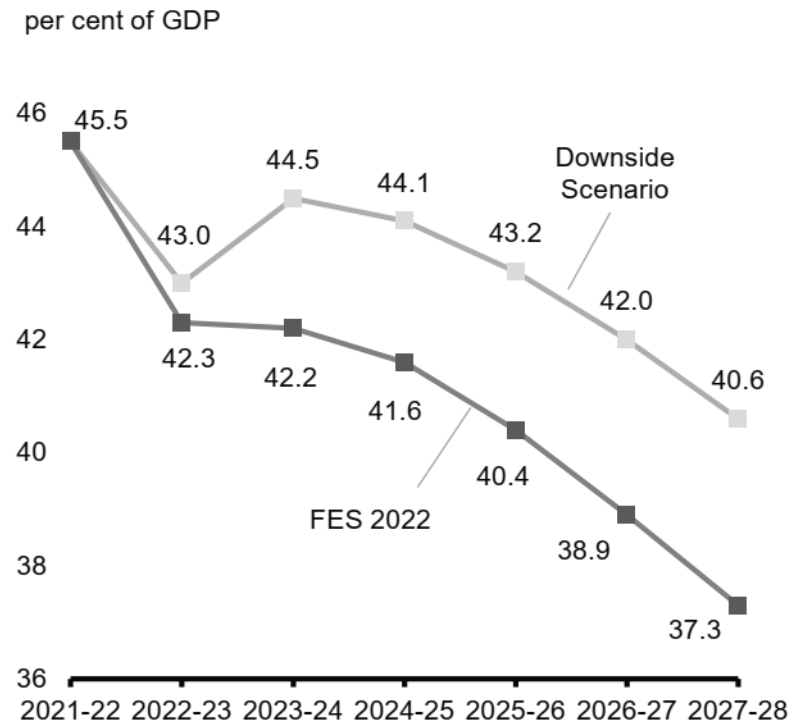
Baseline projection of federal expenses, revenues and budgetary balance informs budget decision-making
Involves models and key information like data and year-to-date results

Fiscal parameters: budgetary balance, federal debt-to-GDP ratio

Federal Budgetary Balance



Federal Debt to GDP Ratio





Decision-making process

The annual budget is a dynamic exercise involving a variety of players

Citizens and Stakeholders

- Electoral platform commitments inform budget priorities
- Pre-budget consultations provide a forum for civil society, industry and other 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 votes on the budget motion and *Budget Implementation Act*

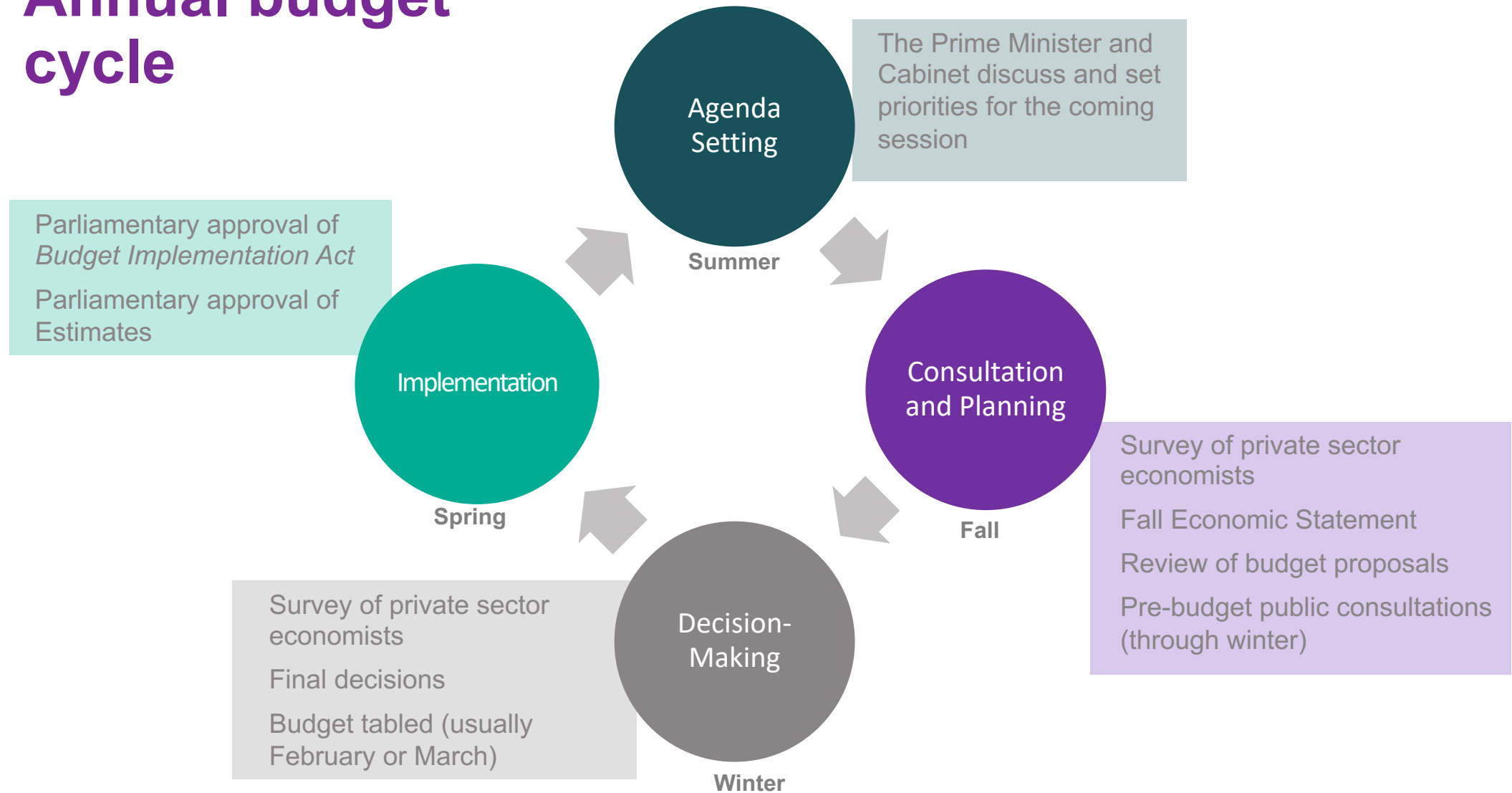


Legislative process

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

- The **Budget Implementation Act** enacts the necessary legislative changes required to implement budget decisions
- The **Estimates** process is the mechanism for Parliament to approval departmental funding, based largely on the parameters set out in the budget
- Parliament approves roughly one third of federal spending each year. The remainder are **statutory expenditures** such as transfers to other levels of government or transfers to individuals

Annual budget cycle



Key elements of a strong budget proposal

- Strong rationale demonstrating the public policy challenge and need for government intervention
- Detailed explanation of funding requirements and how funds will be used
- Overview of expected results
- Implementation plans and readiness
- Alternative/scaled funding options
- Supporting analysis (GBA+, Strategic Environmental Assessment, Quality of Life impacts)

Guidance and templates for budget proposals can be found on the Department of Finance's website at:



www.canada.ca/en/departement-finance/services/publications/federal-budget/proposals



Discussion

- Greatest challenges in preparing budget proposals or implementing new initiatives?
- Opportunity for greater efficiency in addressing new funding requirements?
- Need for further guidance?