

2005–2006 Estimates

Part I

The Government Expense Plan

Part I – The Government Expense Plan

Overview:

The Main Estimates present information on both budgetary and non-budgetary spending authorities.

Budgetary Main Estimates:

Budgetary expenditures include the cost of servicing the public debt; operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations. These Main Estimates support the government's request for Parliament's authority to spend \$66.1 billion under program authorities that require Parliament's annual approval of their spending limits. The remaining \$119.8 billion is statutory and the detailed forecasts are provided for information purposes only.

Non-Budgetary Main Estimates:

Non-budgetary expenditures (loans, investments and advances) are outlays that represent changes in the composition of financial assets of the Government of Canada. The 2005-2006 Main Estimates include a forecast decrease in non-budgetary expenditures of \$1.1 billion over the 2004-2005 Main Estimates. Voted non-budgetary spending authorities set out in these Estimates amount to \$0.1 billion. The remaining \$1.6 billion is pursuant to enabling legislation.

Table 1: Total Main Estimates

| 2005-2006 | | | |
|-----------------------------|------------------|----------------------|------------------|
| (\$ millions) | Budgetary | Non-budgetary | Total |
| Voted Appropriations | 66,050.0 | 84.5 | 66,134.5 |
| Statutory Authorities | 119,813.4 | 1,605.6 | 121,419.0 |
| Total Main Estimates | 185,863.4 | 1,690.1 | 187,553.5 |

In total, the 2005-2006 Main Estimates have increased by \$1.5 billion relative to the 2004-2005 Main Estimates: an increase of \$2.6 billion in budgetary spending and a decrease of \$1.1 billion in non-budgetary spending.

BUDGETARY MAIN ESTIMATES - A net \$2.6 billion increase

As the Budget is being tabled in close proximity to the Main Estimates and, given both production and secrecy constraints, not all new spending plans can be reflected in the Main Estimates. This is the case in 2005-2006. While the 2005-2006 Main Estimates represent the major part of the government's spending plans, additional changes to the amounts will be dealt with in Supplementary Estimates later during the fiscal year.

Accordingly, these Main Estimates represent the Government's expense plan as announced in its March 2004 Budget as well as further updates provided in its November 2004 Fiscal and Economic Update.

The November 2004 Fiscal and Economic Update presents planned budgetary expense of \$194.9 billion for 2005-2006. Of that amount, \$35.9 billion is for public debt charges and \$159 billion is for program spending. Overall, the budgetary expense in the 2005-2006 Main Estimates has increased by \$2.6 billion relative to the 2004-2005 Main Estimates.

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Table 2: Budgetary Main Estimates by Type of Payment

| (\$ billions) | Main Estimates | | Change in Spending | |
|--|----------------|--------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Transfer Payments | | | | |
| <i>Major transfers to other levels of government:</i> | | | | |
| Fiscal Equalization | 10.9 | 9.5 | (1.4) | -12.8 |
| Canada Health Transfer | 12.7 | 13.0 | 0.3 | 2.4 |
| Canada Social Transfer | 7.8 | 8.2 | 0.4 | 5.1 |
| Health Reform Transfer | 1.5 | 3.5 | 2.0 | 133.3 |
| Territorial governments | 1.8 | 1.8 | 0.0 | 0.0 |
| Alternative payments for standing programs | (2.6) | (2.8) | (0.2) | 7.7 |
| Youth Allowance Recovery and statutory subsidies | (0.6) | (0.6) | (0.0) | 0.0 |
| <i>Sub-total major transfers to other levels of government</i> | 31.5 | 32.6 | 1.1 | 3.5 |
| <i>Major transfers to persons:</i> | | | | |
| Elderly Benefits | 27.9 | 28.9 | 1.0 | 3.6 |
| Employment Insurance | 15.5 | 15.2 | (0.3) | -1.9 |
| <i>Sub-total major transfers to persons</i> | 43.4 | 44.1 | 0.7 | 1.6 |
| <i>Other transfer payments and subsidies</i> | 24.1 | 25.0 | 0.9 | 3.7 |
| Total transfer payments | 99.0 | 101.7 | 2.7 | 2.7 |
| Payments to Crown corporations | 5.4 | 5.0 | (0.4) | -7.4 |
| Operating and capital | 42.7 | 43.2 | 0.5 | 1.2 |
| Public debt charges | 36.2 | 35.9 | (0.3) | -0.8 |
| Total Budgetary Main Estimates | 183.3 | 185.9 | 2.6 | 1.4 |
| Adjustments to reconcile to the 2004 Economic and Fiscal Update¹ | 1.9 | 9.0 | 7.1 | N/A |
| Total Budgetary Expenses | 185.2 | 194.9 | 9.7 | 5.2 |

¹Includes adjustments for the impact of accrual accounting, expenses charged to prior years and an anticipated lapse. It also includes expenses not yet allocated for initiatives which require further development or legislation

Note: Numbers may not add due to rounding

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Where the Spending Occurs

In the 2004 Speech from the Throne, the government set out an agenda to improve the standard of living and quality of life of Canadians. Among the major themes advanced were:

1. The economy;
2. The health of Canadians;
3. The environment;
4. The strength and safety of Canadian communities;
5. Canada's role in the world; and
6. Maintaining an effective government.

Prudent fiscal planning and the significant reduction in the federal debt have allowed the Government of Canada to make major investments in the priorities of Canadians. Reflecting the agenda outlined in the Speech from the Throne, both the 2004 Federal Budget and the November 2004 Fiscal and Economic Update centered on:

- Health care;
- Building a more productive and innovative 21st century economy;
- Learning, knowledge, and commercialization;
- Communities;
- Canada's relationship to the world; and
- A more accountable government with prudent financial management practices.

Program Spending by Sector

In this section, program spending is set out by sector and, within each sector, by federal department and agency. While some sectors show a decline in spending in 2005-2006, others are showing increases which, in part, reflect measures announced in the Minister of Finance's 2004 Budget and November 2004 Economic and Fiscal Update.

The table on the next page summarizes program spending by sector. The remainder of this section examines each of the ten sectors in more detail.

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Table 3: Program Spending by Sector

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|--------------------|--------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| 1. Social Programs Major Transfers ² | 79,599,866 | 83,208,350 | 3,608,484 | 4.5 |
| 2. Cultural Programs | 3,492,458 | 3,357,453 | (135,005) | -3.9 |
| 3. Environment and Resource-based Programs | 6,234,259 | 6,239,585 | 5,326 | 0.1 |
| 4. Industrial, Regional, and Scientific-Technological Support | 5,707,570 | 5,926,844 | 219,274 | 3.8 |
| 5. Transportation Programs | 1,703,292 | 1,545,867 | (157,425) | -9.2 |
| 6. Justice and Legal Programs | 1,561,635 | 1,518,784 | (42,851) | -2.7 |
| 7. Security and Public Safety Programs | 4,908,197 | 5,330,509 | 422,312 | 8.6 |
| 8. International, Immigration and Defence Programs | 20,305,480 | 20,479,791 | 174,311 | 0.9 |
| 9. Parliament and Governor General | 469,734 | 519,667 | 49,933 | 10.6 |
| 10. General Government Services Major Transfers ³ | 22,154,848 | 20,891,833 | (1,263,015) | -5.7 |
| 11. Public Debt Charges | 36,200,000 | 35,887,000 | (313,000) | -0.9 |
| 12. Items not allocated to a specific department | 952,392 | 957,719 | 5,327 | 0.6 |
| Total Program Spending | 183,289,731 | 185,863,402 | 2,573,671 | 1.4 |

1 - Social Programs

Social programs aim to promote the health and well-being of Canadians and foster equality of access to the benefits of Canadian society. The federal government attains these objectives through direct program spending, transfers to persons and transfers to other levels of government.

The social programs sector includes:

- Programs focusing on employment, health, and housing;
- Programs benefiting Aboriginal peoples and veterans;
- Major transfers to persons, in particular employment insurance benefits and elderly benefits; and
- The Canada Health Transfer, the Canada Social Transfer and the Health Reform Transfer.

² Major transfers for Social Programs include: Employment Insurance, Elderly Benefits, the Canada Health Transfer, the Canada Social Transfer, and the Health Reform Transfer.

³ Major transfer payments within General Government Services include transfers to territorial governments and equalization payments.

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The table below breaks down social program spending by department and agency.

Table 4: Social Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|--|-------------------|--------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Health | | | | |
| Department | 3,166,300 | 2,855,685 | (310,615) | -9.8 |
| Canadian Institutes of Health Research | 751,602 | 776,848 | 25,246 | 3.4 |
| Hazardous Materials Information Review Commission | 3,582 | 3,391 | (191) | -5.3 |
| Patented Medicine Prices Review Board | 5,301 | 4,373 | (928) | -17.5 |
| Public Health Agency of Canada | 0 | 423,119 | 423,119 | 100.0 |
| Human Resources and Skills Development | | | | |
| Department | 1,993,422 | 2,186,506 | 193,084 | 9.7 |
| Canada Mortgage and Housing Corporation | 2,222,209 | 2,224,712 | 2,503 | 0.1 |
| Canadian Centre for Occupational Health and Safety | 4,032 | 4,540 | 508 | 12.6 |
| Human Resources Development (Social Development) | 613,961 | 606,728 | (7,233) | -1.2 |
| Indian and Northern Affairs | | | | |
| Department | 5,760,763 | 5,825,538 | 64,775 | 1.1 |
| Canadian Polar Commission | 973 | 967 | (6) | -0.6 |
| Veterans Affairs | 2,787,721 | 2,853,070 | 65,349 | 2.3 |
| <i>Sub-total–Direct Program Spending</i> | 17,309,866 | 17,765,477 | 455,611 | 2.6 |
| <i>Major Transfers:</i> | | | | |
| Canada Health Transfer | 12,650,000 | 13,000,000 | 350,000 | 2.8 |
| Canada Social Transfer | 7,825,000 | 8,225,000 | 400,000 | 5.1 |
| Health Reform Transfer | 1,500,000 | 3,500,000 | 2,000,000 | 133.3 |
| Elderly Benefits | 27,940,000 | 28,893,000 | 953,000 | 3.4 |
| Employment Insurance | 15,495,000 | 15,201,000 | (294,000) | -1.9 |
| Alternative payments for standing programs | (2,550,000) | (2,765,127) | (215,127) | 8.4 |
| Youth Allowance Recovery and statutory subsidies | (570,000) | (611,000) | (41,000) | 7.2 |
| <i>Sub-total–Major Transfers</i> | 62,290,000 | 65,442,873 | 3,152,873 | 5.1 |
| Total Program Spending | 79,599,866 | 83,208,350 | 3,608,484 | 4.5 |

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Details

As presented in these Main Estimates, spending in social programs in 2005-2006 is estimated at \$83.2 billion, which represents by far the largest component of total program spending, at 44.8 %. Of the \$83.2 billion, \$17.8 billion, or 21.4 % will be for direct program spending, and \$65.4 billion, or 78.6 %, will be for transfer payments.

Compared to the previous year, social program spending in 2005-2006 is set to increase by \$3.6 billion, or 4.5 %. The largest component of this increase is with health spending, and is fully consistent with the priorities of government as advanced in the 2004 Speech from the Throne and the 2004 Budget.

Health Programs:

Health programs expenditure for the year 2005-2006 amounts to \$20.6 billion, an increase of \$2.5 billion from the year 2004-2005. More specifically, direct program spending for health is forecast to increase by \$137 million to \$4.1 billion, whereas transfer payments are forecast to increase by \$2.4 billion to \$16.5 billion.

Among the significant drivers of the increase in direct program spending for health are:

Aboriginal Health:

- Reflecting pledges made in the Speech from the Throne and the Budget, Health Canada's spending on Aboriginal health-related programs is forecast to increase by \$92 million relative to the 2004-2005 Main Estimates. This is mainly attributable to an increase of \$84 million for the Sustainability of First Nations and Inuit Health System, and an increase of \$5 million related to the implementation of the First Nations Water Management System, aimed at improving the safety of water supplies in First Nations communities. To increase its support for healthy northern communities in 2005-2006, the Department of Indian Affairs and Northern Development will provide grants totalling \$44 million to the Government of the Northwest Territories and the Government of Nunavut.

Health Policy, Promotion and Research:

- The proposed funding for the new Public Health Agency, established in the 2004 Budget as Canada's focal point for disease control and emergency response, reflects the transfer of \$359 million from Health Canada. Correspondingly, Health Canada's 2005-2006 net budget decrease of \$311 million is due primarily to the transfer of some of the Department's activities to the Public Health Agency. The Budget also announced an increase of \$76 million for incremental funding of the Public Health Agency so that it can take immediate steps to improve Canada's readiness to deal with public health emergencies, including: increasing emergency response capacity, enhancing surveillance and strengthening international coordination and collaboration.
- Consistent with the Budget announcement to support new researchers and translate discoveries into commercial and social benefits for Canadians, the Canadian Institutes of Health Research's expenditure for 2005-2006 is forecast to increase by \$25 million, of which \$23 million is to be allocated for grants funding health research.
- Health Canada's funding for the Health Human Resource Strategy, which aims to ensure that Canadians have access to the health providers they need, is set to increase by \$16 million, while the Department's funding for the Canada Drug Strategy Renewal initiative, which takes a balanced approach to reducing both the demand for, and supply of, drugs, is set to increase by \$12 million.

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Major Transfer Payments — Health:

- In order to ensure that its own contributions to health care are more transparent, the government restructured the Canada Health and Social Transfer (CHST) into two new transfers. On April 1, 2004, the CHST was apportioned between the Canada Health Transfer, supporting provincial and territorial health programs, and the Canada Social Transfer, supporting post-secondary education and social programs. For the year 2005-2006, cash transfer payments for health are forecast to increase by \$2.4 billion, reflecting the government's commitment to strengthen health care. Of the \$2.4 billion in extra funding, \$2 billion is to be transferred under the Health Reform Transfer and \$350 million under the Canada Health Transfer.

Other Social Programs:

The balance of the increase in this sector relates to non-health oriented social programs, whose expenditures for the year 2005-2006 are estimated to grow to \$62.6 billion. This represents an increase of \$1.1 billion from the year 2004-2005, of which \$0.8 billion is in transfer payments.

Among the significant drivers of the increase in direct program spending for other social programs are:

- The proposed \$65 million in increased funding for the Department of Veterans Affairs reflects \$26 million increase to pay for pensions and allowances for disability and death, and economic support of veterans, as well as \$39 million increase for program activities that provide health care benefits to veterans, including extended health care benefits not covered by provincial health programs.
- The proposed funding for the Department of Indian Affairs and Northern Development relates to additional spending of \$86 million to meet increased demand for ongoing Indian and Inuit programs and services and \$43 million for remediating contaminated sites. These increases are partially offset by net decreases in the settlements of specific and comprehensive claims due to anticipated delays in reaching settlements and the sun-setting of funding for the Capital Rust Out initiative.
- The proposed changes in spending for Human Resources and Skills Development Canada (HRSDC) and Human Resources Development (Social Development) are mainly due to the realignment of resources for shared services, to better reflect the costs of operations of the two departments. As well, HRSDC's forecast spending reflects the \$90 million transfer from Transport Canada for the Toronto Waterfront Revitalization project, and \$45 million for the Canada Education Savings Grant, due to increased demand for the grants from one year to the other.

The significant drivers of the increase in transfer payments for other social programs are:

- Consistent with the 2004 Budget announcement, the government plans to increase the Canada Social Transfer by \$400 million in 2005-2006, bringing the total amount to \$8.2 billion. Of the \$400 million, \$225 million is to be allocated toward the Multilateral Framework on Early Learning and Child Care, also as announced in the 2004 Budget. The objective of the Framework is to strengthen early childhood development, learning, and care.
- Changes to both the Alternative Payments for Standing Programs and the Youth Allowance Recovery are due to an increase in the value of personal income tax points, which is a key variable in calculating these recoveries.
- Major transfers to persons are projected to increase by \$659 million, reflecting largely higher elderly benefits due to the growth in the elderly population and average benefits, which are fully indexed to quarterly changes in consumer prices. The decline in EI benefits reflects the projected decrease both in the number of people eligible for benefits and in average benefits.

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2 - Cultural Programs

Heritage and cultural programs support the growth and development of Canadian cultural life, participation and equity in Canadian society, the nation's linguistic duality and diverse multicultural heritage, and the preservation of its national parks, historic sites and heritage. With a few exceptions, the programs are delivered primarily by the organizations for which the Minister of Canadian Heritage is responsible, such as the Department of Canadian Heritage, as well as certain Crown corporations and departmental agencies.

Table 5 breaks down planned spending on heritage and cultural programs by department, corporation and agency, as follows:

Table 5: Cultural Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|------------------|------------------|--------------------|-------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Canadian Heritage | | | | |
| Department | 1,127,097 | 1,118,042 | (9,055) | -0.8 |
| Canada Council for the Arts | 151,031 | 150,173 | (858) | -0.6 |
| Canadian Broadcasting Corporation | 1,034,311 | 982,414 | (51,897) | -5.0 |
| Canadian Museum of Civilization | 94,736 | 58,698 | (36,038) | -38.0 |
| Canadian Museum of Nature | 61,122 | 55,569 | (5,553) | -9.1 |
| Canadian Radio-television and Telecommunications Commission | 6,120 | 5,696 | (424) | -6.9 |
| Library and Archives of Canada | 96,461 | 92,894 | (3,567) | -3.7 |
| National Arts Centre Corporation | 31,497 | 31,224 | (273) | -0.9 |
| National Battlefields Commission | 8,687 | 8,711 | 24 | 0.3 |
| National Capital Commission | 131,571 | 88,557 | (43,014) | -32.7 |
| National Film Board | 63,682 | 62,948 | (734) | -1.2 |
| National Gallery of Canada | 44,585 | 44,469 | (116) | -0.3 |
| National Museum of Science and Technology | 29,653 | 24,446 | (5,207) | -17.6 |
| Status of Women – Office of the Coordinator | 23,853 | 23,403 | (450) | -1.9 |
| Telefilm Canada | 129,674 | 123,874 | (5,800) | -4.5 |
| Environment | | | | |
| Parks Canada Agency | 456,538 | 484,508 | 27,970 | 6.1 |
| Human Resources and Skills Development | | | | |
| Canadian Artists and Producers Professional Relations Tribunal | 1,840 | 1,827 | (13) | -0.7 |
| Total Program Spending | 3,492,458 | 3,357,453 | (135,005) | -3.9 |

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Details

As presented in these Main Estimates, spending in the cultural programs sector in 2005-2006 is estimated at \$3.4 billion, which represents 1.8 % of total program spending.

Compared to the previous year, cultural program spending in 2005-2006 is set to decrease by \$135 million, or 3.9 %. With the exception of Parks Canada Agency, which is requesting an increase in its funding levels, spending in other departments is expected to decline, largely due to decreases of one-time funding or the sunsetting of programs.

The following are some of the major drivers affecting the change in spending levels in the cultural programs sector:

- The Parks Canada Agency's change in expenditure is largely due to an increase of \$17 million to continue the twinning of the Trans-Canada Highway through Banff National Park.
- The forecast reduction to the funding of the Canadian Broadcasting Corporation is due primarily to the non-renewal of the \$60 million in funding provided to strengthen and revitalize English and French television, radio and new media programming.
- The National Capital Commission's decrease of \$43 million is largely due to cancellations and delays in the implementation of its 'capital' projects, such as the cancellation of the Sparks Street revitalization project.
- A net decrease of \$36 million for the Canadian Museum of Civilization is related to one-time funding for the construction of the New Canadian War Museum.

3 – Environment and Resource-based Programs

This sector comprises those departments and agencies that promote the sustainable development of Canada's environment, natural resources and the agriculture industry. These departments include Environment, Natural Resources, Agriculture and Agri-Food, and Fisheries and Oceans.

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Table 6 breaks down planned spending on natural resource-based programs by department, corporation and agency, as follows:

Table 6: Environment and Resource-based Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|------------------|------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Agriculture and Agri-Food | | | | |
| Department | 2,110,846 | 2,153,119 | 42,273 | 2.0 |
| Canadian Dairy Commission | 3,211 | 3,202 | (9) | -0.3 |
| Canadian Food Inspection Agency | 476,880 | 489,031 | 12,151 | 2.5 |
| Canadian Grain Commission | 21,293 | 5,894 | (15,399) | -72.3 |
| Environment | | | | |
| Department | 805,234 | 835,226 | 29,992 | 3.7 |
| Canadian Environmental Assessment Agency | 17,883 | 17,570 | (313) | -1.8 |
| Fisheries and Oceans | | | | |
| Department | 1,470,799 | 1,440,052 | (30,747) | -2.1 |
| Natural Resources | | | | |
| Department | 1,092,925 | 1,085,631 | (7,294) | -0.7 |
| Atomic Energy of Canada | 127,838 | 98,838 | (29,000) | -22.7 |
| Canadian Nuclear Safety Commission | 65,375 | 66,330 | 955 | 1.5 |
| National Energy Board | 35,535 | 38,286 | 2,751 | 7.7 |
| Northern Pipeline Agency | 1,363 | 1,355 | (8) | -0.6 |
| Privy Council | | | | |
| National Round Table on the Environment and the Economy | 5,077 | 5,051 | (26) | -0.5 |
| Total Program Spending | 6,234,259 | 6,239,585 | 5,326 | 0.1 |

Details

As presented in these Main Estimates, spending in the environment and resource-based programs sector in 2005-2006 is estimated at \$6.2 billion, which represents 3.4 % of total program spending. Compared to the previous year, the 2005-2006 spending in this sector is forecast to increase marginally by \$5.3 million, or 0.1 %.

Resource-based programs:

Within the agricultural programs, the primary drivers of the proposed spending increase relate to initiatives seeking to mitigate the impacts of the Bovine Spongiform Encephalopathy (BSE) crisis. For example, the Department of Agriculture and Agri-Food proposes an increase of \$69 million for the BSE Recovery Program to reposition the Canadian beef and cattle industry, including a loan loss reserve to facilitate access to capital to encourage expansion of the domestic slaughter capacity. Similarly, the Canadian Food Inspection Agency is requesting additional funds in support of its BSE Surveillance and Export Certification programs. The Canadian Food Inspection Agency's proposed level of spending is also affected by the transfer of import inspection operations to the Canada Border Services Agency. Lastly, the Canadian Grain Commission's decreased level of spending is mainly due to the completion of the temporary four-year funding to support the Canadian Grain Commission's operations.

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Within the Fisheries and Oceans programs, the overall reduction reflects the termination of one-time funding of \$42 million in 2004-2005 that was used to refurbish core capital assets such as the Canadian Coast Guard fleet, laboratories, small craft harbors and other facilities. This is offset by increases related to the enhancement of on-water presence and air surveillance capability as part of the National Security Policy announced in March 2004, and by increases in support of Aboriginal groups in the management of fisheries and ocean resources.

Environment and Climate Change Programs:

To meet Kyoto commitments and support implementation of the Climate Change Plan for Canada, the 2003 Budget announced \$1.7 billion over five years for innovation and cost-effective mitigation measures leading to greenhouse gas emission reductions in Canada. For the year 2005-2006, Environment and Natural Resources plan to start or expand a number of initiatives aimed at implementing the Climate Change Plan, including:

- Natural Resources' Emission Reduction Package, which includes funding for energy efficiency and renewable energy programs; the implementation of cost-effective, early action measures targeting transportation and buildings; and funding to improve project-based collaboration and cost-sharing with provinces, territories and other partners.

As well, to address the clean up of contaminated sites for which federal departments are responsible, Environment and the Treasury Board Secretariat are leading the Federal Contaminated Sites Accelerated Action Plan. This initiative accelerates the assessment, management and remediation of those sites having significant human health and environmental risks.

4 - Industrial, Regional and Scientific-technological Support Programs

The general objectives of federal spending in this sector are to foster economic growth and job creation through measures that stimulate private-sector investment across Canada, encourage regional development, improve the country's innovation performance, and promote a stronger science and technology capability in Canada.

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Table 7 summarizes the year-over-year changes by department and agency.

Table 7: Industrial, Regional and Scientific-technological Support Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|------------------|------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Atlantic Canada Opportunities Agency | | | | |
| Department | 476,552 | 437,912 | (38,640) | -8.1 |
| Enterprise Cape Breton Corporation | 12,645 | 8,645 | (4,000) | -31.6 |
| Economic Development Agency of Canada for the Regions of Quebec | 428,091 | 444,090 | 15,999 | 3.7 |
| Human Resources and Skills Development | | | | |
| Canada Industrial Relations Board | 12,220 | 11,906 | (314) | -2.6 |
| Industry | | | | |
| Department | 1,477,756 | 1,330,995 | (146,761) | -9.9 |
| Canadian Space Agency | 322,920 | 341,614 | 18,694 | 5.8 |
| Canadian Tourism Commission | 78,821 | 78,823 | 2 | 0.0 |
| Competition Tribunal | 1,648 | 1,634 | (14) | -0.8 |
| Copyright Board | 2,539 | 2,514 | (25) | -1.0 |
| National Research Council of Canada | 695,377 | 641,696 | (53,681) | -7.7 |
| Natural Sciences and Engineering Research Council | 810,597 | 829,232 | 18,635 | 2.3 |
| Social Sciences and Humanities Research Council | 506,364 | 547,284 | 40,920 | 8.1 |
| Standards Council of Canada | 6,924 | 6,924 | 0 | 0.0 |
| Office of Infrastructure of Canada | 424,105 | 793,978 | 369,873 | 87.2 |
| Natural Resources | | | | |
| Cape Breton Development Corporation | 60,205 | 56,905 | (3,300) | -5.5 |
| Western Economic Diversification | 390,806 | 392,692 | 1,886 | 0.5 |
| Total Program Spending | 5,707,570 | 5,926,844 | 219,274 | 3.8 |

Details

As presented in these Main Estimates, spending in this sector in 2005-2006 is estimated at \$5.9 billion, which represents 3.2 % of total program spending. Compared to the previous year, the spending level in 2005-2006 is set to increase by \$219.3 million, or 3.8 %.

Among the significant drivers of the increase in this sector are:

Learning, Research and Innovation Initiatives:

Consistent with the Budget commitment to support research, the funding for the Canada Graduate Scholarship program, offered by the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council, will increase by \$27 million over 2004-2005 levels. As well, \$20 million in additional funding will be provided to the Social Sciences and Humanities Research Council for indirect costs of

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research, in recognition of the fact that the rise in direct federal support for research has led to an increase in indirect costs borne by universities.

Industry and Infrastructure Initiatives:

- Funding for the Office of Infrastructure of Canada is forecast to increase by \$370 million and reflects the Budget commitment made to communities, specifically in augmenting contributions to the following funds:
 - An increase of \$184 million for the Canada Strategic Infrastructure Fund;
 - An increase of \$134 million for the Municipal Rural Infrastructure Fund; and
 - An increase of \$47 million for the Border Infrastructure Fund.
- The decrease in Industry's estimated funding levels is due in large part to the termination of \$72 million of funding for the softwood industry's economic adjustment initiative.

Regional Initiatives:

- The majority of the reduction in funding to the Atlantic Canada Opportunity Agency relates to a decrease of \$16 million due to the sunsetting of the cod closure initiative under the Strategic Community Investment Fund and a decrease of \$8 million in requirements under the Saint John Shipyard Adjustment Initiative.
- The increase in spending levels for the Economic Development Agency of Canada for the Regions of Quebec is primarily due to funds carried forward from previous years for the Canada Infrastructures Work Program, to meet the Canada Quebec agreement requirements.
- Finally, the funding for Industry's FedNor initiative is forecast to decrease by \$36 million as a result of the end of additional funding for the Northern Ontario Development Fund.

5 - Transportation Programs

The transportation programs include those administered by Transport; those administered by several agencies, including the Canadian Transportation Agency, the Canadian Transportation Accident Investigation and Safety Board of Canada (which reports through the Privy Council Office) and the Transportation Appeal Tribunal of Canada; and those administered by Crown corporations, including VIA Rail Canada and Marine Atlantic Inc.

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Table 8 breaks down program spending by department and agency.

Table 8: Transportation Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|------------------|------------------|--------------------|-------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Transport | | | | |
| Department | 929,729 | 828,457 | (101,272) | -10.8 |
| Canadian Transportation Agency | 24,711 | 24,383 | (328) | -1.3 |
| Transportation Appeal Tribunal of Canada | 1,313 | 1,303 | (10) | -0.8 |
| Jacques Cartier and Champlain Bridges Inc. | 32,077 | 32,188 | 111 | 0.3 |
| Marine Atlantic Inc. | 27,607 | 24,533 | (3,074) | -11.1 |
| VIA Rail Canada Inc. | 191,301 | 169,001 | (22,300) | -11.7 |
| Canadian Air Transport Security Authority | 466,499 | 438,400 | (28,099) | -6.0 |
| Privy Council | | | | |
| Canadian Transportation Accident Investigation and Safety Board | 30,055 | 27,602 | (2,453) | -8.2 |
| Total Program Spending | 1,703,292 | 1,545,867 | (157,425) | -9.2 |

Details

As presented in these Main Estimates, spending in the transportation programs sector in 2005-2006 is estimated at \$1.5 billion, which represents 0.8 % of total program spending. Compared to the previous year, this sector's spending in 2005-2006 is set to decrease by \$157.4 million, or 9.2 %.

The following are some of the major drivers affecting the change in spending level for the transportation programs sector:

Transport's funding levels are forecast to decrease by \$101 million in 2005-2006. This is largely due to:

- A decrease of \$111 million for the transfer of the Toronto Waterfront Revitalization Project to Human Resources and Skills Development Canada (HRSDC) as a result of the government's restructuring initiative. Note that there is a corresponding increase in HRSDC's proposed spending.
- A decrease of \$32 million to the highway component of the Strategic Highway Infrastructure Program as most provinces are entering the final phase of the program. Among others, the program's objectives include improving the Canadian surface transportation system in all regions depending on local needs, making Canada a leader in the use of innovative transportation and information technologies, and improving the quality of life by promoting safer and more environmentally sustainable transportation.
- An increase of \$48 million for a new marine security contribution program to enhance the security of the marine transportation system. This amount is in addition to Transport's operating budget increase of \$21 million reflecting the transfer of responsibility of marine safety policy and associated marine operations from the Department of Fisheries and Oceans.

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The Canadian Air Transport Security Authority (CATSA)'s funding levels are also expected to decrease due primarily to the near completion of the Authority's National Deployment Plan for the installation of explosive detection systems at 89 designated airports. The Plan's schedule requires deployment of the equipment by January 1, 2006. At the same time, there is an increase of \$19 million to CATSA's operating budget due to increased maintenance costs of the Explosive Detection System equipment and baggage screening operations.

The decrease of \$22 million in Via Rail's spending level is related to the completion of its \$401 million capital investment program in 2004-2005.

6 - Justice and Legal Programs

This sector covers the administration of justice and law enforcement activities delivered by the Department of Justice and one component of Finance Canada and the Privy Council Office. The objectives of the programs in this sector include:

- Ensuring that Canadians enjoy a justice system that is fair, accessible and efficient;
- Developing justice policy and making and reforming laws as needed;
- Making payments to the provinces and territories for programs such as criminal legal aid, juvenile justice services and child support;
- Administering the courts and reviewing complaints and grievances impartially; and
- Providing legal services to the Government of Canada.

Table 9, on the following page, breaks down justice and legal program spending by department and agency.

Table 9: Justice and Legal Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|--|------------------|------------------|--------------------|-------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Justice | | | | |
| Department | 1,004,788 | 924,865 | (79,923) | -8.0 |
| Canadian Human Rights Commission | 20,723 | 22,380 | 1,657 | 8.0 |
| Canadian Human Rights Tribunal | 4,278 | 4,698 | 420 | 9.8 |
| Commissioner for Federal Judicial Affairs | 337,557 | 351,731 | 14,174 | 4.2 |
| Courts Administration Service | 54,303 | 53,536 | (767) | -1.4 |
| Law Commission of Canada | 3,150 | 3,142 | (8) | -0.3 |
| Offices of the Information and Privacy Commissioners of Canada | 9,868 | 10,209 | 341 | 3.5 |
| Supreme Court of Canada | 27,151 | 27,153 | 2 | 0.0 |
| Public Safety and Emergency Preparedness Canada | | | | |
| Office of Indian Residential Schools Resolution | 99,817 | 121,070 | 21,253 | 21.3 |
| Total Program Spending | 1,561,635 | 1,518,784 | (42,851) | -2.7 |

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Details

As presented in these Main Estimates, spending in the justice and legal programs sector in 2005-2006 is estimated at \$1.5 billion, which represents 0.8 % of total program spending. Compared to the previous year, this sector's spending in 2005-2006 is set to decrease by \$43 million, or 2.7 %.

Among the significant drivers of the spending decrease in this sector are:

- A significant portion of the decrease in funding for the Department of Justice relates to the Youth Justice Services Funding Program. The authority the Department received to provide enhanced funding to provinces and territories to support the collaborative implementation of the Youth Justice Renewal Initiative expires in 2004-2005.
- The increase in spending for the Office of Indian Residential Schools Resolution of Canada is due to the operational requirements necessary to support the full implementation of the National Resolution Framework to address the legacy of Indian Residential Schools and to settle claims against the Crown.
- The Office of the Commissioner for Federal Judicial Affairs is also increasing its funding levels due to the increase in the statutory requirement relating to judges' salaries, allowances and annuities. This increase will allow for an increase in the number of judicial appointments, as well as an increase in the overall average pension amount being paid to the pensioners in accordance with the *Judges Act*.

7 - Security and Public Safety Programs

This sector is composed of the Security Intelligence Review Committee of the Privy Council Office, and the portfolio of Solicitor General (Public Safety and Emergency Preparedness Canada (PSEPC)).

Created in December 2003, PSEPC's objective is to further close security gaps and ensure that the country's national interests and citizens are protected. The department is dedicated to minimizing a continuum of risks to Canadians – from risks to personal safety from crime or naturally occurring events such as severe blizzards, floods or forest fires, to threats to national security from terrorist activity. It provides policy leadership and delivers programs and services in the areas of national security and emergency management, policing, law enforcement and borders, and corrections and crime prevention. It also ensures policy cohesion among the six agencies that report to the Minister responsible for PSEPC (Royal Canadian Mounted Police (RCMP); Canadian Security Intelligence Service (CSIS); Canada Border Services Agency (CBSA); Canada Firearms Centre (CFC); Correctional Service of Canada (CSC); and National Parole Board (NPB)).

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Table 10 breaks down security and public safety program spending by department and agency.

Table 10: Security and Public Safety Programs

| (\$ thousands) | Main Estimates | | Change in Spending | |
|--|------------------|------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Privy Council | | | | |
| Security Intelligence Review Committee | 2,471 | 2,796 | 325 | 13.2 |
| Solicitor General (Public Safety and Emergency Preparedness) | | | | |
| Department | 414,016 | 430,818 | 16,802 | 4.1 |
| Canada Border Services Agency | 666,746 | 1,021,744 | 354,998 | 53.2 |
| Canadian Firearms Centre | 100,268 | 82,284 | (17,984) | -17.9 |
| Canadian Security Intelligence Service | 269,911 | 292,092 | 22,181 | 8.2 |
| Correctional Service | 1,571,272 | 1,597,238 | 25,966 | 1.7 |
| National Parole Board | 33,848 | 31,767 | (2,081) | -6.1 |
| Office of the Correctional Investigator | 2,946 | 2,919 | (27) | -0.9 |
| Royal Canadian Mounted Police | 1,841,100 | 1,863,287 | 22,187 | 1.2 |
| Royal Canadian Mounted Police External Review Committee | 884 | 879 | (5) | -0.6 |
| Royal Canadian Mounted Police Public Complaints Commission | 4,735 | 4,685 | (50) | -1.1 |
| Total Program Spending | 4,908,197 | 5,330,509 | 422,312 | 8.6 |

Details

As presented in these Main Estimates, spending in the security and public safety programs sector in 2005-2006 is estimated at \$5.3 billion, which represents 2.9 % of total program spending. Compared to the previous year, this sector's spending in 2005-2006 has increased by \$422 million, or 8.6 %.

Among the major drivers affecting the change in planned spending are:

- The significant increase in the budget of the Canada Border Services Agency is due to the transfer of responsibilities and resources from Citizenship and Immigration, the Canadian Food Inspection Agency and the Canada Customs and Revenue Agency consistent with the machinery of government changes announced on December 12, 2003.
- The Canada Firearms Centre's spending decrease of \$18 million is primarily due to the decreased requirements attributable to Professional Services related to the Canadian Firearms Information System and other efficiency measures.

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- The Royal Canadian Mounted Police's increased funding level reflects an increase of \$38 million for the Federal government's share of additional resources requested by the contract policing partners under the contract policing agreements. This is in addition to increased funding of \$21 million to support the investigation and prosecution of fraud offences in capital markets, and \$11 million to operate the National DNA Data Bank for serious offenders.
- The proposed funding for Correctional Service reflects an increase of \$15 million for the maintenance and housing of offenders as approved in the National Capital Accommodation and Operations Plan.

8 – International, Immigration and Defence Programs Sector

The programs in this sector ensure the security of Canadians, defend Canadian interests, promote a stable international environment and project Canadian values and culture in world affairs.

In order to contribute to international peace and security and help prevent violent conflict, the government funds a range of initiatives, including collective security and defense arrangements with allies, Canada's Human Security Program, conflict prevention, human rights promotion and peace-building activities.

Programs in this sector also promote prosperity and employment opportunities for Canadians through increased trade and commercial relations, with the lead role played by International Trade.

Through agencies such as the Canadian International Development Agency (CIDA), Canada supports development assistance programs aimed at reducing poverty in other countries and contributing to a more equitable sharing of the world's prosperity.

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Table 11 breaks down international, immigration and defense program spending by department and agency.

Table 11: International, Immigration and Defence Program Sector

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|-------------------|-------------------|--------------------|------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Citizenship and Immigration | | | | |
| Department | 1,009,627 | 833,924 | (175,703) | -17.4 |
| Immigration and Refugee Board of Canada | 121,104 | 111,996 | (9,108) | -7.5 |
| National Defence | | | | |
| Department | 13,287,516 | 13,425,031 | 137,515 | 1.0 |
| Canadian Forces Grievance Board | 8,555 | 6,210 | (2,345) | -27.4 |
| Military Police Complaints Commission | 4,211 | 4,176 | (35) | -0.8 |
| Finance | | | | |
| International Assistance – Transfer Payments ⁴ | 1,116,620 | 1,188,540 | 71,920 | 6.4 |
| Canadian International Trade Tribunal | 9,815 | 9,552 | (263) | -2.7 |
| Foreign Affairs Canada (Foreign Affairs) | | | | |
| Department | 1,728,234 | 1,798,521 | 70,287 | 4.1 |
| Canadian International Development Agency | 2,654,981 | 2,769,020 | 114,039 | 4.3 |
| International Development Research Centre | 119,086 | 116,086 | (3,000) | -2.5 |
| International Joint Commission | 7,984 | 7,116 | (868) | -10.9 |
| Foreign Affairs Canada (International Trade) | | | | |
| Department | 168,376 | 190,264 | 21,888 | 13.0 |
| Canadian Commercial Corporation | 16,399 | 16,399 | 0 | 0.0 |
| Export Development Canada | 50,000 | 0 | (50,000) | -100.0 |
| NAFTA Secretariat, Canadian Section | 2,972 | 2,956 | (16) | -0.5 |
| Total Program Spending | 20,305,480 | 20,479,791 | 174,311 | 0.9 |

Details

⁴ International assistance figures for Finance include: grants and contributions to international financial organizations to meet commitments made by Canada under multilateral debt reduction agreements, and transfer payments to international financial organizations (payments to the International Development Association and International Monetary Fund's Poverty Reduction and Growth Facility).

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As presented in these Main Estimates, spending in this sector for 2005-2006 is estimated at \$20.5 billion, which represents 11 % of total program spending. Compared to the previous year, this sector's spending in 2005-2006 has increased by \$174 million, or 0.9 %.

Among the major drivers affecting the change in planned spending are:

- For the Department of Citizenship and Immigration, a significant part of the decrease in its funding level relates to the transfer of \$209 million to the Canada Border Services Agency.
- The Department of National Defence spending forecast relates to an increase of \$74 million for the Department's security priorities, as announced in the 2004 Budget. As well, the Department is seeking a \$35-million increase to offset the cost increment of Canada's military contribution to the International Security Assistance Force (ISAF) in Afghanistan, and an increase in incremental funding of \$22 million for pay and benefits adjustments approved for military and civilian personnel.
- The increase in spending for Foreign Affairs mainly reflects an increase in contribution payments in support of its international assistance initiatives, such as: \$105 million for new or increased contributions for Canada's membership in international organizations, primarily for the United Nations and its peacekeeping operations; and \$61 million for the G8 Global Partnership Program to cover costs related to, among other things, the destruction of materials of mass destruction in Russia and other countries of the former Soviet Union.
- Consistent with the 2004 Budget commitment, CIDA's funding levels are also expected to increase as a result of the Agency receiving its portion of the \$248 million increase for international assistance. This increase, along with departmental reallocation, will enable CIDA to commence, continue and expand program activities, such as: a \$50 million grant to the World Health Organization's "3 by 5" initiative (an initiative that aims to enable access by 3 million HIV/AIDS patients in developing countries to antiretroviral therapy by the end of 2005); a contribution of \$46 million to the Interim Cooperation Framework for Haiti; and \$40 million to help rebuild the tsunami affected areas of South Asia, as well as to respond to other emerging humanitarian crises.
- Finance plans to increase its payment to the International Development Association by \$53 million, and to provide \$128 million in the form of grants and contributions to the International Financial Organization to meet commitments made by Canada under multilateral debt reduction agreements.

9 - Parliament and the Governor General

Parliamentary spending includes expenditures related to the Senate, the House of Commons and the Library of Parliament, which constitute the Parliamentary Precinct. The requirements of the House of Commons and the Senate are appropriated annually and are managed by the Board of Internal Economy and the Standing Committee of Internal Economy, Budgets and Administration, respectively. The Speakers of both Houses approve the appropriations of the Library of Parliament.

Fiscal year 2005-2006 represents the first year of operations with supporting Main Estimates for the Office of the Ethics Commissioner. The Office was created in 2004 to enhance public confidence and trust in the integrity of Members of the House of Commons and Public Office Holders as well as the respect and confidence that society places in the House of Commons as an institution.

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Table 12 shows spending by Parliament and by the Office of the Secretary to the Governor General.

Table 12 – Parliament and Governor General Spending

| (\$ thousands) | Main Estimates | | Change in Spending | |
|-----------------------------------|----------------|----------------|--------------------|-------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Governor General | 19,181 | 19,060 | (121) | -0.6 |
| Parliament | | | | |
| The Senate | 73,552 | 80,606 | 7,054 | 9.6 |
| House of Commons | 346,563 | 383,221 | 36,658 | 10.6 |
| Library of Parliament | 30,438 | 32,105 | 1,667 | 5.5 |
| Office of the Ethics Commissioner | 0 | 4,675 | 4,675 | 100.0 |
| Total Program Spending | 469,734 | 519,667 | 49,933 | 10.6 |

Details

As presented in these Main Estimates, spending in this sector in 2005-2006 is estimated at \$520 million, which represents 0.3 % of total program spending. Compared to the previous year, this sector's spending is set to increase by \$50 million, or 10.6 %.

The following are some of the key drivers affecting the change in this sector's program spending:

- \$18.6 million for Members' and House Officers' budgets, including the related employer's share of contributions to employee benefit plans, and supplementary budgets to support seven additional Members;
- \$14.7 million in salaries for economic and step increases to House of Commons employees, including the related employer's share of contributions to employee benefit plans;
- \$5.4 million to support Members in committees, international and interparliamentary activities, and the Chamber; and
- \$4.7 million to support the activities of the new Office of the Ethics Commissioner.

10 - General Government Services

General Government Services include central services provided by departments and agencies to support the internal operations of government.

It also includes, under the Department of Finance, transfer payments to the provinces and territories. Fiscal equalization payments are unconditional transfer payments to lower-income provinces so that they can provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation. Transfer payments to the Governments of Nunavut, the Northwest Territories, and Yukon are designed to enable the territories to provide the same range of services as the provincial governments provide.

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Table 13 breaks down spending by department and agency.

Table 13: General Government Services

| (\$ thousands) | Main Estimates | | Change in Spending | |
|---|-------------------|-------------------|--------------------|--------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Canada Customs and Revenue Agency | | | | |
| Department | 3,232,151 | 3,028,896 | (203,255) | -6.3 |
| Canada Post Corporation | 197,210 | 172,210 | (25,000) | -12.7 |
| Canadian Heritage | | | | |
| Public Service Commission of Canada | 147,409 | 88,527 | (58,882) | -39.9 |
| Public Service Staff Relations Board | 6,355 | 10,570 | 4,215 | 66.3 |
| Public Service Staffing Tribunal | 0 | 4,113 | 4,113 | 100.0 |
| Finance | | | | |
| Department | 169,017 | 210,486 | 41,469 | 24.5 |
| Auditor General of Canada | 72,756 | 71,801 | (955) | -1.3 |
| Financial Transactions and Reports Analysis Centre of Canada | 31,932 | 30,682 | (1,250) | -3.9 |
| Office of the Superintendent of Financial Institutions | 712 | 755 | 43 | 6.0 |
| Industry | | | | |
| Statistics Canada | 415,132 | 510,706 | 95,574 | 23.0 |
| Privy Council Office | | | | |
| Department | 141,861 | 141,288 | (573) | -0.4 |
| Canadian Intergovernmental Conference Secretariat | 6,352 | 6,316 | (36) | -0.6 |
| Chief Electoral Officer | 50,175 | 83,839 | 33,664 | 67.1 |
| Commissioner of Official Languages | 18,528 | 18,365 | (163) | -0.9 |
| Public Works and Government Services | 2,410,952 | 2,483,685 | 72,733 | 3.0 |
| Treasury Board Secretariat | | | | |
| Department | 2,497,482 | 2,579,414 | 81,932 | 3.3 |
| Canada School of Public Service | 29,341 | 53,460 | 24,119 | 82.2 |
| Public Service Human Resources Management Agency of Canada | 58,483 | 86,720 | 28,237 | 48.3 |
| <i>Sub-total-Direct Program Spending</i> | | | | |
| <i>Major Transfer (Finance):</i> | 9,485,848 | 9,581,833 | 95,985 | 1.0 |
| Fiscal Equalization | 10,884,000 | 9,510,000 | (1,374,000) | -12.6 |
| Transfers to Territorial Governments | 1,785,000 | 1,800,000 | 15,000 | 0.8 |
| <i>Sub-total-Major Transfers</i> | 12,669,000 | 11,310,000 | (1,359,000) | -10.7 |
| Total Program Spending | 22,154,848 | 20,891,833 | (1,263,015) | -5.7 |

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Details

As presented in these Main Estimates, spending in the General Government Services sector for 2005-2006 is estimated at \$20.9 billion, which represents 11.2 % of total program spending. Of the \$20.9 billion, \$9.6 billion or 45.9 %, will be for direct program spending and \$11.3 billion, or 54.1 %, will be for transfer payments. Compared to the previous year, this sector's total spending in 2005-2006 has decreased by \$1.3 billion, or 5.7 %.

The following are the major drivers of the change in spending:

- The Canada Customs and Revenue Agency's decrease in spending is due primarily to the transfer of \$145 million in corporate support resources to the Canada Border Services Agency.
- The Public Service Commission's decrease of \$59 million from the 2004-2005 Main Estimates is explained by:
 - A decrease of \$32 million as a result of the transfer of resources to the Canada School of Public Service in line with the implementation of the *Public Service Modernization Act*; and
 - A decrease in the amount of \$22 million due to the transfer of resources to the Public Service Human Resources Management Agency of Canada in line with the implementation of the *Public Service Modernization Act*.
- The Canada School of Public Service's increase in spending reflects the Government's restructuring plan of December 2003. Since April 2004, the Canada School of Public Service brings together three federal organizations: the Canadian Centre for Management Development, and from the Public Service Commission, Training Development Canada and Language Training Canada.
- Public Service Human Resources Management Agency's increase in spending reflects the transfer of \$9 million from Treasury Board Secretariat and a transfer of \$22 million from the Public Service Commission, pursuant to the *Public Service Modernization Act*.
- Finance's spending level is largely related to an increase of \$34 million in the purchase costs of domestic coinage as a result of an increased demand for coinage by financial institutions and the public. The increase in funding is required to cover the additional cost to produce and distribute higher volume of domestic circulating coinage.
- Statistics Canada's increase in spending is mainly linked to activities from the 2001 census of population and preparation for the upcoming 2006 census.
- The budget for the Chief Electoral Officer's increase of \$33.7 million in spending is due to an increase in permanent staff, funding to prepare for the next election and to full-year funding allowances to eligible political parties pursuant to new legislation governing the financing of political parties and candidates.
- Proposed higher spending for Public Works and Government Services is primarily due to an increase of \$46 million for activities transferred to the Department following the dissolution of the former Communications Canada for activities such as 1-800-O-Canada, the Canada Gazette and the Canada Web site.

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- Treasury Board Secretariat's net increase of \$82 million is mainly due to:
 - An increase of \$58 million for contributions to public service insurance plans, consisting of, a \$48 million increase for Health Care and other insurance plans, and a \$3 million decrease for provincial health premiums; and
 - A net increase of \$32 million under operating expenditures, consisting primarily of a \$38 million increase for the Treasury Board Secretariat's incremental funding requirements and a \$9 million decrease for additional transfers to the Public Service Human Resources Management Agency, related to the government restructuring of December 2003.
- An increase of \$15 million for the appropriated transfer payments to the territorial governments, as a result of revisions to population, provincial-territorial-local expenditures and territorial revenue data. This increase was reported in the November 2004 Economic and Fiscal Update.
- A decrease of \$1.4 billion in fiscal equalization payments to the provinces, as a result of revisions to provincial revenue data and new tax base data. The decline of \$1.4 billion is primarily due to revised data for the personal and corporate income tax bases (decline of \$1.5 billion) and upward revisions to the oil and gas revenues used in the formula (increase of \$207 million). The 2005-2006 amount represents the base cash transfer as shown in the November 2004 Economic and Fiscal Update.

NON-BUDGETARY MAIN ESTIMATES – A net \$1.1 billion decrease

The non-budgetary spending in the 2005-2006 Main Estimates amounts to \$1.7 billion. This represents a decrease of \$1.1 billion compared to the 2004-2005 Main Estimates.

Table 14 indicates a more detailed breakdown of non-budgetary Main Estimates.

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Table 14 – Non-budgetary Main Estimates

| (\$ thousands) | Main Estimates | | Change in Spending | |
|--|------------------|------------------|--------------------|--------------|
| | 2004-2005 | 2005-2006 | \$ | % |
| Canadian Heritage | | | | |
| Department | 10 | 10 | 0 | 0 |
| Finance | | | | |
| Department | 132,275 | 108,923 | (23,352) | -17.7 |
| Human Resources and Skills Development | | | | |
| Department | 1,254,700 | 1,040,800 | (213,900) | -17.0 |
| Canada Mortgage and Housing Corporation ⁵ | (190,200) | (199,622) | (9,422) | 5.0 |
| Indian Affairs and Northern Development | | | | |
| Department | 73,603 | 79,045 | 5,442 | 7.4 |
| Industry | | | | |
| Department | 800 | 800 | 0 | 0.0 |
| Foreign Affairs Canada (International Trade) | | | | |
| Department | 0 | 653,000 | 653,000 | 100.0 |
| Export Development Corporation | 1,487,000 | 0 | (1,487,000) | -100.0 |
| Foreign Affairs (Foreign Affairs) | | | | |
| Canadian International Development Agency | 6,931 | 7,110 | 179 | 2.6 |
| Total Non-budgetary Spending | 2,765,119 | 1,690,066 | (1,075,053) | -38.9 |

Details

The following are key drivers of the changes in non-budgetary expenditures for 2005-2006:

- International Trade's change in non-budgetary expenditures is due to non-budgetary statutory payments to the Export Development Canada for the purpose of facilitating and developing trade between Canada and other countries under the terms of the *Export Development Act*. These payments were reflected under Export Development Canada in previous Main Estimates. This amount includes a decrease of \$834 million from the previous year due to lower disbursements.
- The decrease in non-budgetary spending forecast by Human Resources and Skills Development Canada is due to a decrease of loans negotiated under the *Canada Student Financial Assistance Act*, from \$1,255 million to \$1,041 million. The difference is primarily due to the impact of loan reimbursements from borrowers on the loan portfolio.

⁵ In the 2004-2005 Main Estimates, the Canada Mortgage and Housing Corporation was listed under the Department of Environment. The Corporation is now listed under Human Resources and Skills Development.

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- The decrease of \$23 million in payments by the Department of Finance to various international financial institutions is due mostly to reductions in loans issued to the International Monetary Fund's Poverty Reduction and Growth Facility.
- Finally, the Canada Mortgage and Housing Corporation is forecasting a decrease in the Corporation's loan repayment to the Consolidated Revenue Fund.