



# Department of Finance Canada

## Performance Report

For the period ending  
March 31, 1999

Canada

## **Improved Reporting to Parliament Pilot Document**

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Available in Canada through your local bookseller or by mail from

Canadian Government Publishing — PWGSC

Ottawa, Canada K1A 0S9

Catalogue No. BT31-4/37-1999

ISBN 0-660-61049-3



## Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 82 Departmental Performance Reports and the government's report *Managing for Results - Volumes 1 and 2*.

This *Departmental Performance Report*, covering the period ending March 31, 1999, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's pilot *Report on Plans and Priorities* for 1998-99. The key result commitments for all departments and agencies are also included in Volume 2 of *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government.

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:  
<http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions can be directed to the TBS Internet site or to:

Planning, Performance and Reporting Sector  
Treasury Board Secretariat  
L'Esplanade Laurier  
Ottawa, Ontario, Canada  
K1A 0R5  
Tel: (613) 957-7042  
Fax (613) 957-7044

# **Department of Finance Canada**

## **Departmental Performance Report**

**For the period ending  
March 31, 1999**

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Paul Martin  
Minister of Finance



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## Executive Summary

During the period in review, the Department of Finance Canada played an important role in the government's efforts to achieve the following objectives:

- a secure financial future
- a competitive and secure financial services sector
- Getting Government Right
- secure social programs

Highlights of the department's activities in support of these objectives are provided below.

### A Secure Financial Future

For 1998–99, the government recorded its second consecutive budget surplus. This marked the first time in almost half a century that the federal government recorded two surpluses in a row.

Continued fiscal balance allowed the government to reduce taxes for all taxpayers in Canada, building on the general tax-relief measures introduced in the previous year's budget.

For example, following on a 1998 budget measure that raised by \$500 the amount of income that low-income taxpayers can earn before paying income tax, the 1999 budget increased that amount to \$675 and extended it to all taxpayers. In addition, the 1999 budget also eliminated the 3-per-cent surtax for all taxpayers. The previous year's budget had eliminated the surtax for taxpayers with incomes up to about \$50,000.

In 1997–98, Canada's debt-to-GDP ratio declined 64.4 per cent — down from a peak of 71.2 per cent in 1995–96. Our debt-to-GDP ratio is on a permanent downward track, not only because of economic growth, but also because the federal government is actually paying down its debt. Canada's net public debt of \$576.8 billion is down \$6.4 billion since 1996–97.

Sound economic and fiscal management on the domestic front is not the only ingredient of a secure financial future for Canadians. In an increasingly integrated global economy, international financial stability is just as essential. In a number of key international forums, including G-7 Finance Ministers' meetings and Annual Meetings of the IMF and World Bank, Canada has advanced proposals for reforming the global financial architecture in order to minimize the risk and severity of financial crises. During the period in review, the Department of Finance Canada played a leading role in hosting the May 1998 meeting of finance ministers representing the Asia-Pacific Economic



Co-operation (APEC) economies, as well as the September 1998 Commonwealth Finance Ministers' Meeting.

## **A Competitive and Secure Financial Services Sector**

In March 1999, legislation and regulations came into force implementing a demutualization regime for life insurance companies. The purpose of this new regime is to give mutual life insurance companies the flexibility to pursue a stock company structure and thereby gain access to more sources of capital.

Throughout the period in review, the department played a lead role in developing the government's response to merger proposals put forward by four of Canada's largest banks, as well as in creating legislation and regulations allowing foreign banks to branch directly into Canada. The foreign bank branching legislation subsequently came into force in June 1999.

During the 1998–99 fiscal year, the department continued its work in the area of financial sector reform. This work culminated in the June 1999 release of a policy paper entitled *Reforming Canada's Financial Services Sector: A Framework for the Future*. This document contains 57 measures that will form the basis of legislation to reform the financial services sector with a view to promoting efficiency and growth, fostering domestic competition, empowering and protecting consumers, and improving the regulatory environment.

## **Getting Government Right**

The Department of Finance Canada contributes to this objective by helping to identify possibilities for privatizing and commercializing government operations. In May 1998, Theratronics International Limited was sold to MDS Health Group Inc. for \$15.5 million.

## **Secure Social Programs**

The 1999 federal budget announced that the provinces and territories would receive an additional \$11.5 billion for health care over the next five years. Of the \$11.5 billion in additional funding for health, \$8 billion will be provided through future-year increases in the Canada Health and Social Transfer (CHST), while \$3.5 billion was provided as an immediate one-time supplement to the CHST from funds available in the fiscal year ending in 1999. This represented the largest single investment by the government since coming to office in 1993.

During the period in review, the department concluded consultations for the establishment of financial arrangements for the new territory of Nunavut, as well as the renewal of financial arrangements with the other territories. The department also consulted with the provinces to prepare for the renewal of Equalization legislation effective April 1, 1999.

The department's performance accomplishments are outlined in detail in this report.

## Chart of Key Results Commitments

To provide Canadians with:	To be demonstrated by:	Achievements reported in
<p>A Secure Financial Future</p>	<p>budgets that implement the government's fiscal goals</p> <p>appropriate tax changes</p> <p>implementation of strategic investment to promote a strong economy and secure society</p> <p>a debt management strategy to provide stable, low debt-service costs and maintain a well-functioning market in Government of Canada securities</p> <p>diversification and retention of the retail debt portfolio through the development of new cost-effective retail debt products and distribution of products in new and existing channels</p> <p>effective management of Canada's official international reserves</p> <p>development and implementation of appropriate import policy measures</p>	<p><i>1998 Economic and Fiscal Update</i>; 1999 budget; <i>Fiscal Monitor</i> (monthly); DPR p. 12</p> <p>1999 budget; Notices of Ways and Means</p> <p>1999 budget; <i>1998 Economic and Fiscal Update</i></p> <p>1999 budget; Debt Management Strategy 1999–2000; <i>Government of Canada Securities</i> (quarterly); DPR p. 43</p> <p>DPR p. 45</p> <p>Annual Report to Parliament on the Operations of the Exchange Fund Account by the Minister of Finance 1998; monthly press release on Official International Reserves; DPR pp. 27 and 42</p> <p>Amendments to the <i>Customs Tariff</i> (S.C. 1997, c. 36 ) implemented on January 1, 1998; DPR p. 63</p> <p><i>An Act to amend the Special Import Measures Act and the Canadian International Trade Tribunal Act</i> (S.C. 1999, c. 12); DPR p. 63</p>

<b>To provide Canadians with:</b>	<b>To be demonstrated by:</b>	<b>Achievements reported in</b>
A Competitive and Secure Financial Services Sector	<p>effective management of international financial relations</p> <p>ensuring that Canadians are well-served by a safe, sound, efficient and competitive financial services sector</p>	<p>Main Estimates; 1999 budget</p> <p>DPR p. 28</p>
Contributions to Getting Government Right	<p>advancement of announced shifts to agency status, privatizations and commercializations</p>	<p>DPR p. 31</p>
Secure Social Programs	<p>appropriate transfer arrangements with other jurisdictions</p> <p>implementation of new programs</p> <p>improvements to existing social programs</p>	<p>DPR p. 47</p> <p>1998 budget launched the Canadian Opportunities Strategy to expand access to knowledge and skills. [Ref. 1998 budget plan pp. 67-97]</p> <p>1999 budget made significant investments in strengthening health care by increasing transfers to provinces and other measures [Ref. 1999 budget plan pp. 75-99]</p>

## **Section I: Minister's Message**

In 1998–99, Canada continued to benefit from sound economic and fiscal management. For the first time in nearly half a century, the federal government's budget was in surplus for two consecutive years.

This allowed the government to increase funding for health care by \$11.5 billion in the 1999 budget — the largest single investment ever made by this government. The 1999 budget also built on the previous budget's tax relief measures by extending tax relief to all taxpayers in Canada. In addition, through strategic investments in knowledge and innovation, the government demonstrated its commitment to helping Canadians acquire the skills they need to seize the opportunities provided by the knowledge-based economy.

Decisions like these are not merely about dollars and cents. Fundamentally, they are about the kind of society we want to live in, and the kind of country we want to pass on to our children.

In managing this precious legacy on behalf of Canadians, the government must remain open and accountable. I am, therefore, pleased to submit the 1998–99 Departmental Performance Report. By providing a detailed account of the Department of Finance Canada's activities and accomplishments over the past year, this report places Canadians in a better position to judge how well it is fulfilling its mandate.

In presenting this report, I acknowledge with gratitude the extraordinary efforts by Department of Finance Canada officials in support of a prosperous and secure future for all Canadians.

The Honourable Paul Martin, P.C., M.P.



## **Section II: Departmental Overview**

### **A. Mandate, Roles and Responsibilities**

The department's fundamental purpose is to assist the government in developing and implementing economic, social and fiscal policies and programs that foster growth, create jobs and promote a secure society. The department serves as the government's primary source of analysis and advice on the broad economic, social and financial affairs of Canada. In addition to preparing the budget, the department provides analysis, advice and recommendations on tax and trade policy, and prepares tax and trade legislation; provides analysis, advice and recommendations relating to the management of federal financial assets and liabilities, including the management of federal borrowing on financial markets; manages transfers and fiscal relations with the provinces and territories; develops financing and investment policy for the Canada Pension Plan (CPP) in conjunction with the provinces; provides analysis, advice and recommendations on the annual Employment Insurance premium rate setting where approval of the Minister of Finance is required by law; represents Canada within international financial institutions and international economic and trade forums; develops policies for, and advises on, the financial sector and financial markets.

This requires monitoring and researching the performance of the Canadian economy in the all-important aspects of: output and growth, employment and income, inflation and interest rates, and long-term structural changes. The department is also vitally concerned with financial market developments, trade and other international economic matters that bear on Canada's domestic performance and competitiveness.

In its central agency role, the department advises on the economic, fiscal, social and tax implications of key priorities. These include jobs and growth; productivity; education and training; science, technology and innovation policies; environment initiatives; privatization and commercialization initiatives; defence and international assistance expenditures; and efforts to advance Canada's social policies and programs, in particular, health and federal-provincial transfer programs.

The Department of Finance Canada also operates two statutory spending programs: the Public Debt Program and the Federal-Provincial Transfers Program. The department is responsible for the delivery of payments to such major international financial institutions as the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development, and to the Domestic Coinage program. Although all Domestic Coinage payments are statutory in nature, international financial institution transactions include payments made under both statutory and voted authorities.

The department interacts with other government departments, agencies and Crown corporations, and private-sector stakeholders to encourage co-ordination and harmony among all federal initiatives, particularly those affecting the economy and financial markets. As well, the department constantly works towards improved co-operation —

especially on fiscal, trade and taxation issues — between the federal and provincial governments and internationally.

The department provides services to the following client groups:

- **The government, Cabinet and the Treasury Board** – by providing analysis, advice and recommendations on the economic, social and financial affairs of Canada as well as on tax matters. The department is also responsible for drafting legislation in these areas.
- **Parliament and the public** – by supporting an expanded program of public information and consultation, with emphasis on the provision of basic facts to Canadians on key economic and fiscal issues, to facilitate wide participation in a more open, broad-based consultation process. This supplements ongoing and wide-ranging consultation with the public in such other key departmental responsibilities as the formation of tax policy and financial sector policy.
- **Departments and agencies** – by playing an active role in encouraging co-ordination and harmony among all federal initiatives with an effect on the economy, the financial sector and financial markets.
- **International economic and finance community** – by being responsible for the development of Canada’s policy with respect to the Bretton Woods Institutions — the World Bank and the International Monetary Fund (IMF) — and the European Bank for Reconstruction and Development, as well as negotiating double taxation treaties with our treaty partners and representing Canada in a broad range of official international forums including the financial elements of the G-7, G-10, the Organization for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Co-operation (APEC), among others.
- **International trade community** – by being responsible for Canada’s economic-import policy, including the *Customs Tariff* and trade remedy legislation, participating in international trade forums such as the World Trade Organization and the OECD, and related negotiations as they concern trade, import policy, services and investment issues.
- **Provincial governments** – by constantly working towards improved co-operation on fiscal and taxation issues, and by working with provinces as the joint stewards of the Canada Pension Plan (CPP) to ensure that the Plan remains sustainable.
- **Parliamentary and Senate committees** – by being the primary source of bills on taxation, import policy and financial matters and steering them through the parliamentary process.

- **Canadian interest groups** – by consulting widely with representatives of business, labour, social, volunteer and other groups in the Canadian economy on potential budget measures and a wide range of other policies and initiatives.
- **Financial market participants** – by working with market participants to improve debt management practices and promote the maintenance of a well-functioning market for Government of Canada securities, and by ensuring that investors in Canadian government debt are well informed of financial and economic developments.

## B. Mission

The mission of the Department of Finance Canada is to support the Minister of Finance and the Secretary of State (International Financial Institutions) in carrying out their core functions and statutory responsibilities by:

- providing the best possible analysis and policy advice on economic, social and financial issues, options and their implications;
- implementing government decisions in a timely and efficient manner;
- communicating the economic, social and financial issues, as well as possible government options and decisions in the clearest way possible, within and outside government;
- acting as an effective conduit for listening to the views of participants in the economy from all parts of Canada; and
- maintaining high quality support systems and development programs to carry out these functions.

## C. Objectives

The Department of Finance Canada operates under sections 14-16 of the *Financial Administration Act*, which provides the Minister with broad responsibility for “the management of the Consolidated Revenue Fund and the supervision, control and direction of all matters relating to the financial affairs of Canada not by law assigned to the Treasury Board or to any other Minister”. The following are the department’s program objectives:



- **Economic, Social and Financial Policies Program** – appropriate policies and sound advice with respect to economic, social and financial conditions and to the government’s agenda; responsible administration of international financial obligations and subscriptions; payment of the production costs for domestic circulating coinage; responsible financing of special projects; and effective and efficient corporate administration.
- **Public Debt Program** – the statutory funding of interest and service costs of the public debt and the issuing costs of new borrowings, if required.
- **Federal-Provincial Transfers Program** – transfer payments pursuant to statutes with respect to the Canada Health and Social Transfer, Equalization and other transfers, and pursuant to agreements with respect to Territorial Formula Financing.

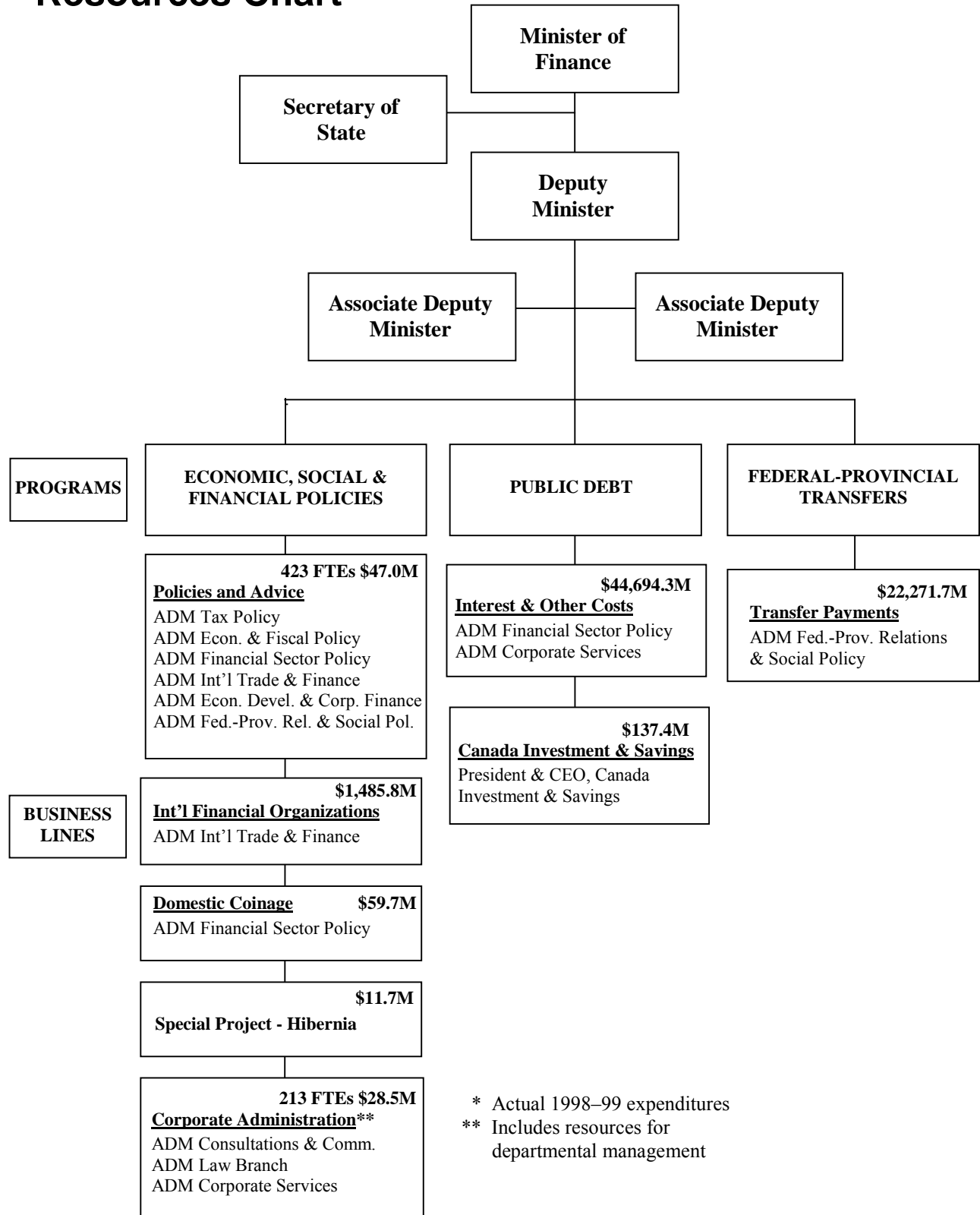
## D. Departmental Organization

The department oversees three programs that account for all Public Debt expenditures, Federal-Provincial Fiscal Arrangements expenditures and a portion of expenditures out of the international assistance envelope. These programs and associated business lines — depicted in the chart on the following page — are delivered by six policy branches supported by the Consultations and Communications Branch, the Law Branch and the Corporate Services Branch. Specific branch responsibilities are described below.

- **Economic and Fiscal Policy** – is responsible for developing appropriate policies and providing sound advice on the domestic and international economic and financial outlook, on the government’s overall fiscal framework, expenditure plan and resource allocation, and on the government’s overall economic policy framework.
- **International Trade and Finance** – is responsible for developing appropriate policies and international negotiating strategies and providing sound advice on international trade and finance with specific reference to import tariffs and trade remedies, foreign direct investment and economic co-operation, defence policies and expenditures, international development assistance and international financial relations.
- **Tax Policy** – is responsible for developing appropriate policies and providing sound advice on the Canadian tax system.
- **Financial Sector Policy** – is responsible for developing appropriate policies and providing sound advice on the management of the government’s financial assets and liabilities including government debt management, on legislation governing federally regulated financial institutions and on financial and borrowing issues relating to Crown corporations.

- **Federal-Provincial Relations and Social Policy** – is responsible for developing appropriate policies and providing sound advice on federal-provincial fiscal arrangements and on Canadian social policies and programs, including Old Age Security programs, Canada Pension Plan and Employment Insurance.
- **Economic Development and Corporate Finance** – is responsible for developing appropriate policies and providing sound advice on the economic, fiscal and financial implications of the government’s microeconomic policies and programs, including loans, investments and guarantees of the Crown; on proposals for assistance to major projects or corporate restructuring initiatives advanced by the private sector; and on the management and, as appropriate, the privatization of Crown corporations and other corporate holdings and the commercialization/privatization of government services.
- **Consultations and Communications** – is responsible for providing strategic communications advice and suitable public affairs support.
- **Law Branch** – is responsible for providing sound legal advice and for processing applications under the *Access to Information Act* and the *Privacy Act* in an accurate and timely manner.
- **Corporate Services** – is responsible for providing effective and efficient financial, human resources, information technology, security and administrative systems and expertise.

# Business Line, Organization Composition and Resources Chart\*



\* Actual 1998-99 expenditures  
 \*\* Includes resources for departmental management

## Section III: Departmental Performance

This section of the report consists of two subsections: Performance Expectations and Performance Accomplishments. The Performance Expectations subsection presents department-wide outcomes as they apply equally to all three departmental programs. Performance Accomplishments — being somewhat more specific — are reported on a program/business line basis.

### I. Performance Expectations

Results expectations established for the 1998–99 fiscal year revolved around the four key outcomes identified in the department’s Chart of Key Results Commitments (found in Annex B of the President of the Treasury Board’s Annual Report to Parliament *Managing for Results 1998*, and on pp. iii-iv of this document.) To ensure delivery on these four key outcomes, the department established a number of key priority areas. These key priority areas, which have been linked to one of the four key outcomes, are listed below.

The department is committed to providing Canadians with:

#### **A SECURE FINANCIAL FUTURE**

- ◆ Sound Economic and Financial Management
- ◆ Tax Policy
- ◆ Asia-Pacific Economic Co-operation (APEC) Finance Ministerial and Commonwealth Finance Ministers’ Meeting and G-7 Ministerials
- ◆ Trade and Investment Policy
- ◆ International Financial Organizations
- ◆ Financial Asset and Liability Management
- ◆ Canada Investment and Savings

#### **A COMPETITIVE AND SECURE FINANCIAL SERVICES SECTOR**

- ◆ Financial Sector

#### **CONTRIBUTIONS TO GETTING GOVERNMENT RIGHT**

- ◆ Advancement of the Privatization/Commercialization Agenda

## ☐ SECURE SOCIAL PROGRAMS

- ◆ Canada Pension Plan
- ◆ Old Age Security
- ◆ Renewal of Equalization
- ◆ New Financial Arrangements for Yukon, the Northwest Territories and Nunavut

The following sub-section presents the **Key Plans and Strategies** and **Expected Results**, specified in the 1998–99 Report on Plans and Priorities, and also details the **Performance Measures** and **Accomplishments** for each of the above-noted priority areas — on a Program/Business Line basis.

## II. Performance Accomplishments

### A. Economic, Social and Financial Policies Program

#### *Objective*

Appropriate policies and sound advice with respect to economic, social and financial conditions, and to the government’s agenda; responsible administration of international financial obligations and subscriptions; payment of the production costs for domestic circulating coinage; responsible financing of special projects; and effective and efficient corporate administration.

#### A.1 Policies and Advice Business Line

#### *Objective*

Appropriate policies and sound advice with respect to economic, social and financial conditions, and to the government’s agenda.

<b>Summary Financial Information</b>	
Planned Spending	\$47,300,000
<i>Total Authorities</i>	\$51,022,309
<b>1998–99 Actuals</b>	<b>\$46,965,329</b>

## **□ A SECURE FINANCIAL FUTURE**

### **Sound Economic and Financial Management**

#### *Key Plans and Strategies*

- timely assessment of near-term economic developments and future economic prospects
- development of prudent planning assumptions
- development of appropriate fiscal policy objectives
- elaboration of short- and medium-term fiscal framework
- advice on appropriate monetary policy objectives and implementation

#### *Expected Results*

- prudent planning assumptions that protect the fiscal framework from undue exposure to economic fluctuations
- elaboration of fiscal framework and overall policy settings that deliver on the government's stated objectives of
  - balancing the budget no later than 1998–99
  - securing a permanent decline in the debt-to-GDP ratio, the measure of the burden imposed by the public debt
  - planning on the basis of a balanced budget or better in the future
  - applying the Contingency Reserve to pay down debt each year if economic performance turns out as assumed for budget planning purposes and, therefore, the Reserve is not applied to unexpected requirements

#### *Performance Measures*

- public accounts balance
- financial balance
- ratio of federal government's net debt to GDP
- federal spending-to-GDP ratio

### ***Accomplishments***

- public accounts surplus of \$3.5 billion in 1997–98 was followed by a \$2.9 billion surplus recorded in 1998–99 (see Annual Financial Report released September 23, 1999, for details on this and the following measures); first back-to-back budgetary surpluses recorded since 1951–52
- financial surplus of \$12.7 billion in 1997–98 (excluding foreign exchange transactions) followed by financial surplus of \$11.5 billion in 1998–99 marking a third consecutive surplus, a performance unmatched in the G-7
- federal government's net debt-to-GDP ratio down again in 1998–99, falling to 64.4 per cent from 66.3 per cent in 1997–98 and from a high of 71.2 per cent in 1995–96
- program spending-to-GDP ratio down to 12.4 per cent in 1998–99 from 16.6 per cent in 1993–94
- prudent fiscal planning framework developed for 1999 budget allowing government to commit to balanced budgets in 1999–2000 and 2000–01 while proposing balanced policy strategy including further tax relief totalling \$7.7 billion over three years, new spending on priority initiatives totalling \$14.1 billion over four years and continuation of the Debt Repayment Plan over the planning period

### **Tax Policy**

A key element of the activities and responsibilities of the Department of Finance Canada is the development and implementation of tax policy. Tax policy plays three major roles in achieving the government's financial and economic goals. First, it is one of the framework tools (fiscal policy is another) within which the economy operates and so is central to the country's economic and social performance. Second, a key objective of tax policy is to raise taxes in a fair and equitable manner. Third, a number of tax instruments can be used to influence specific aspects of economic and social policy.

The following contribute to the objective of fostering a strong economy through the tax system:

- Tax levies over a broad range of sources collect the needed level of revenues (e.g. income taxes on businesses and individuals, sales and excise taxes). This helps to keep tax rates low and revenues stable.
- In certain limited circumstances, tax policy instruments can be used to achieve desirable economic goals and offset the impact of market imperfections.
- A continuous monitoring of the tax system will ensure that taxes owed are, indeed, collected.

On fairness, the key objective is that Canadians pay taxes according to their ability to pay. Furthermore, the tax system can positively assist those in need. All major Canadian tax sources play a part in achieving the fairness objective. For example, the Canadian personal income tax system is progressive and takes account of both income and individual circumstances to measure ability to pay. It also provides refundable tax credits such as the Canada Child Tax Benefit, which provide benefits to low- and middle-income earners. With respect to the Goods and Services Tax (GST), the income-tested, refundable GST credit plays a similar role. Businesses pay a corporate income tax to ensure that they contribute to the provision of necessary public services, and some businesses that can, do pay relatively more. Levying taxes on corporations also helps to ensure that foreign-based corporations pay tax on the income they earn in Canada.

### ***Key Plans and Strategies***

- examining issues related to general tax relief and tax burden
- examining issues related to targeted tax relief
- improving tax fairness
- organizing public information and consultations
- assessing the report from the Technical Committee on Business Taxation
- drafting regulations and legislation

### ***Expected Results***

- a tax system that raises the needed revenue in a fair and efficient fashion and effectively targets incentives to meet governmental objectives
- a tax system that is consistent with other government policy objectives (e.g. economic, social and cultural)

The major forum for making required changes as they relate to tax policy is the annual federal budget.

### ***Performance Measures***

Identify and act upon opportunities to improve the fairness and efficiency of the tax system through legislative changes and policy initiatives based on sound analysis of statistical, financial and administrative data. Improve the effectiveness and responsiveness of tax policy development through regular information exchange with key public- and private-sector players.



## Accomplishments

### ◆ *Personal Income Tax*

The Canadian personal income tax system is progressive and takes account of both income and individual circumstances to measure the ability to pay. It also has a number of measures designed to achieve social and economic objectives. One of the government's goals is to reduce Canadians' personal income tax burden in coming years. The 1999 budget continued the process of general tax relief begun in 1998. In addition, the budget proposed changes to achieve the government's social and economic objectives regarding families and persons with disabilities.

personal income tax reductions of \$2.6 billion

- **General Tax Relief** – The 1999 budget proposed further direct personal income tax relief to Canadians by:
  - extending to all taxpayers the \$500 supplement provided to low-income Canadians in the 1998 budget;
  - further increasing the personal amounts by \$175 for all taxpayers; and
  - eliminating the 3-per-cent surtax for all taxpayers whose surtax remained following action in the 1998 budget.

These measures will result in a \$2.6-billion personal income tax reduction in 2000–01. As a result of these changes 200,000 low-income individuals will be removed from the tax rolls in addition to the 400,000 removed by the action taken in the 1998 budget. Moreover, an additional 2.7 million taxpayers will benefit from the complete elimination of the surtax.

200,000 low-income individuals removed from tax rolls

- **Families** – The government is committed to strengthening families and investing in children. To help Canadian families meet the challenges of child rearing, the 1999 budget proposed to increase the National Child Benefit supplement to the Canada Child Tax Benefit (CCTB) by \$350 per child by July 2000. This will provide an additional \$850 million in assistance to low-income families with children, as promised in the 1998 budget. This federal action will be complemented by changes to provincial programs that will assist children and remove barriers to work among low-income families.

In addition, the 1999 budget enriched benefits under the CCTB by \$300 million for modest- and middle-income families. The income threshold at which the CCTB base benefit starts to be reduced will be raised from \$25,921 to \$29,590, increasing benefits by \$184 for a typical middle-income family with two children.

- additional \$850 million in assistance to low-income families
- enriched benefits under CCTB by \$300 million for modest- and middle-income families

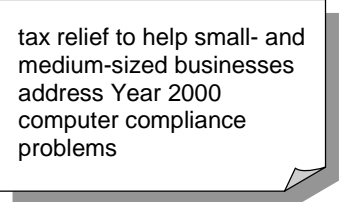
These measures were complemented by a modification to the Goods and Services Tax Credit that will increase benefits by \$105 for 300,000 single parents with an income under \$12,000. Work is also under way to improve the responsiveness of the credit to changes in family situations and streamline its administration.

- **Persons with Disabilities** – The 1999 budget proposed to improve assistance for the care and education of persons with disabilities by extending the medical expenses tax credit to expenses in respect of the remuneration for:
  - the care and supervision of persons with severe and prolonged disabilities living in a group home;
  - therapy for persons with severe and prolonged disabilities; and
  - tutoring for persons with learning disabilities.

◆ **Business Income Tax**

With respect to business income taxes, the focus has been on addressing deficiencies in the existing tax structures, ensuring that businesses bear their fair share of the tax burden while promoting growth in the economy, and providing targeted incentives to meet specific government objectives. Initiatives included:

- providing tax relief for the acquisition of computer hardware and software to replace computer equipment that is not Year 2000 compliant — this measure helps small- and medium-sized businesses address Year 2000 computer compliance problems;
- improving the capital cost allowance regime for electrical generating equipment using solution gas that would otherwise be flared during the production of crude oil — this 1999 budget measure encourages the productive use of flared gas;
- extending the manufacturing and processing tax credit to corporations that produce electrical energy or steam for sale — this 1999 budget measure ensures that electricity-generating activities are taxed equitably;
- proposing changes to address deficiencies in the rules relating to the taxation of foreign trusts and foreign-based investment funds; and
- updating rules governing Labour-Sponsored Venture Capital Corporations — this 1999 budget measure ensures consistency with provincial programs and addresses issues relating to corporate structures.



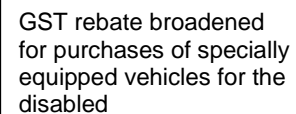
tax relief to help small- and medium-sized businesses address Year 2000 computer compliance problems

The Technical Committee on Business Taxation released its report in April 1998. The Committee's mandate was to consider ways in which Canada's business taxation system could contribute more to the creation of jobs and economic growth, how it could be simplified to facilitate compliance and administration, and how it could be made fairer to ensure that all businesses share the costs of providing government services. Their recommendations regarding business taxation were required to raise the same amount of revenue. The Committee has brought important issues to the fore and identified certain problems that the federal and provincial governments will need to consider in planning tax policy in the coming years. During 1998–99, the recommendations in the report were reviewed and reactions to the report from industry associations and provincial governments were monitored.

◆ ***Sales and Commodity Taxes***

Improved the fairness and efficiency of the sales tax system by:

- clarifying the application of the GST/HST to insurers and segregated funds;
- simplifying the GST/HST rules for the energy sector;
- broadening the GST rebate for purchases of specially equipped vehicles for the disabled, and for purchases of books by qualifying organizations;
- clarifying the GST/HST rules relating to administrative and management services provided to investment plans;
- refining the GST/HST rules relating to Canadian partnerships, meal and entertainment expenses, and construction services; and
- fine-tuning the application of the GST in a number of areas, including sale-leaseback arrangements, barter clubs, real property supplies and rebates, health care services, tax disclosure requirements, *de minimus* financial institutions, and gaming industry transactions.



GST rebate broadened for purchases of specially equipped vehicles for the disabled

Enhanced the effectiveness and responsiveness of sales tax policy development through:

- regular meetings with officials in other federal departments and provinces;
- participation in Canadian and international sales tax policy conferences and working groups; and
- briefings and correspondence with various industry associations, interest groups, and individual taxpayers.

◆ ***Intergovernmental Tax Policy***

An update of all Tax Collection Agreements (TCAs) with the provinces and territories currently in force has been initiated to reflect the following changes:

- the schedule of payments under the TCAs has been adjusted forward by two weeks to the last week of January from the second week of February;
- the implementation of tax on income;
- the new costing methodology contained in the new guidelines for federal administration of provincial taxes;
- all amendments and additions made through exchanges of letters between ministers of finance in recent years; and the fact that
- the process for determining which provincial measures are to be administered by the federal government on behalf of provinces has been clarified.

A new set of guidelines has been adopted for determining which provincial taxes and measures will be administered:

- the new guidelines recognize that the use of a common tax base and the avoidance of double taxation are desirable and necessary goals, and
- take a flexible approach to administering provincial taxes and tax measures by specifying how administration costs will be charged for taxes and tax measures.

A document describing recent changes in federal-provincial relations with respect to tax policy has been prepared and will be forwarded to provincial ministers of finance by the federal ministers of Finance and National Revenue — who are going to sign the foreword to the document.

The efficient administration of the TCAs requires that the department continue to meet its obligations under the TCAs to pay provincial governments the assessed value of their personal and corporate income taxes.

The Indian Government Taxation Review is the ongoing development and implementation of the federal government's policy on the tax powers available to Aboriginal governments and the tax treatment of their governance institutions.

To enhance First Nations' self-government and self-reliance and help Aboriginal communities develop new revenue sources and provide better services to their communities, the government enacted legislation enabling certain interested First Nations to levy a sales tax on their reserves.

To date, arrangements have been implemented to allow the Cowichan Tribes to tax sales of tobacco products to Aboriginal peoples, the Westbank First Nation and the Kamloops Indian Band to tax all sales of tobacco products, alcoholic beverages and fuel, and the Sliammon First Nation to tax all sales of tobacco products and fuel on their respective reserves.

- Cowichan Tribes to tax tobacco products
- Westbank First Nation Kamloops Indian Band to tax tobacco products, alcoholic beverages and fuel
- Sliammon First Nation to tax tobacco products and fuel

Tax Collection and Sharing Agreements on personal income tax have been reached with the seven self-governing Yukon First Nations. Discussions have also begun on the co-ordination of other taxes.

Preliminary discussions on tax powers have also been initiated with other First Nations.

#### ◆ *Tax Legislation*

The department's Tax Legislation Division has primary responsibility for the development of all federal income tax legislation. The unit also conducts related analysis, negotiates tax treaties with other countries, serves as taxpayers' and tax professionals' main point of contact with the department on technical tax matters, and represents the department and the government in meetings relating to its areas of responsibility.

During the 1998–99 fiscal year, the Division's main legislative projects were the preparation of bills to enact the income tax measures announced in the 1998 budget, and income tax treaties with Chile, Croatia and Vietnam.

Income tax treaties with Chile, Croatia and Vietnam

Major policy projects during the period included work on tax rules for:

- averaging mechanism for certain lump sum payments
- Canada education savings grants and registered education savings plans
- employment expenses incurred by certain categories of employees
- foreign branch banking
- income-splitting
- Labour-Sponsored Venture Capital Corporations
- pension adjustment reversal rules
- scientific research and experimental development
- split-run magazines

- standardized accounting
- tax-exempt status of Indian and provincially regulated corporations
- taxpayer migration
- third-party penalties and
- trusts

Tax treaties were negotiated or renegotiated during the period with Barbados, Colombia, the Czech Republic, Egypt, Germany, Jordan, Lebanon, Luxembourg, Moldova, Portugal, the Slovak Republic, the United Arab Emirates, and the United States.

◆ ***Tax Evaluation***

In addition to developing and implementing tax policy, the department is responsible for evaluating existing tax measures to ensure that they continue to meet their objectives. As part of this program of tax evaluations, the department published its annual Tax Expenditure Report, which provides estimates of the revenue foregone from a wide range of tax concessions. This report also includes projections of the future costs of these concessions.

**Asia-Pacific Economic Co-operation (APEC) Finance Ministerial, Commonwealth Finance Ministers' Meeting and G-7 Ministerials**

***Key Plans and Strategies***

- successfully host meetings (at the levels of ministers, deputies and working groups)
- provide requisite support
- work with G-7 partners to contribute to a more stable international financial system

***Expected Results***

◆ ***APEC Finance Ministerial***

Frank and meaningful discussion of the Asian financial crisis.

Discussion of policy measures to reduce risk of financial instability and deal with instability when it does arise.

Propose work on a program of technical assistance and co-operation in the development of healthy financial sectors in the APEC region.

Provide an enriching, but not ostentatious, cultural experience for Canada's guests.

◆ ***Commonwealth Finance Ministers' Meeting***

Promote exchange of views on a variety of development issues, including the effect of the Asian crisis on the outlook for developing countries.

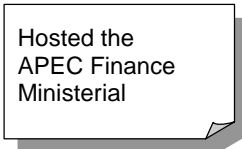
Further the development and implementation of good governance policies in the Commonwealth.

Provide an enriching, but not ostentatious, cultural experience for Canada's guests.

***Accomplishments***

◆ ***APEC Finance Ministerial***

Canada successfully hosted the APEC Finance Ministerial in May 1998. At the meeting, finance ministers across the 21 APEC economies (including Russia, Peru and Vietnam as observers) had an open and frank discussion of the Asian financial crisis, its causes and consequences. Canada used the opportunity to garner support for its ideas on how to reduce the likelihood of such crises in the future, such as a peer-review process to enhance surveillance of financial sector supervisory regimes. This idea was endorsed by APEC finance ministers in their joint statement at the close of the meeting. Canada also used the meeting to draw attention to the social consequences of the financial crisis.



Hosted the  
APEC Finance  
Ministerial

◆ ***Commonwealth Finance Ministers' Meeting***

Canada hosted the Commonwealth Finance Ministers' Meeting in September 1998. At the meeting, representatives from 46 Commonwealth nations discussed the contagious effects of the Asian financial crisis; the problems of heavily indebted poor countries; and good governance and the elimination of corruption in economic management. Canada used this meeting to gain recognition for its proposals to strengthen the capacity of the international financial system to prevent and manage future international financial crises and for reforming the international architecture. On debt, the meeting allowed Canada to enhance the visibility of its efforts to support the timely, flexible and generous treatment of poor countries' debt and to encourage the Commonwealth to call on all creditors to write-off aid-related loans. The meeting also allowed Canada to underline the importance it attaches to efforts that support and promote good governance. In this respect, Canada has been instrumental in initiating work to develop a global agreement between developed and developing countries to combat corruption.



Hosted the  
Commonwealth  
Finance Ministers'  
Meeting

◆ **G-7 Ministerials**

In 1998–99, Canada worked towards implementation of a number of initiatives aimed at achieving a more stable and prosperous global economy and international financial system. A number of these measures were contained in Canada's Six Point Plan to deal with Global Financial Turmoil, announced by the Minister of Finance in September 1998. A number of the plan's elements were subsequently implemented by the international community and have contributed to more orderly international financial markets and improved global economic conditions. Canada strongly supported the establishment of the Financial Stability Forum in February 1999 as a way of helping to strengthen financial sector regulation and supervision in industrial countries and emerging markets. Canada also worked throughout the year on ways of improving the involvement of the private sector in crisis prevention and resolution.

**Trade and Investment Policy**

*Key Plans and Strategies*

Provide advice on import, trade and investment policy matters.

Conduct research and analysis associated with the development of domestic policy and legislation — and with the refinement of objectives for international discussions and negotiations on trade remedies, market access and investment policies.

Continue follow-up to the World Trade Organization (WTO) multilateral trade agreements, in particular those on market access, subsidy disciplines, trade remedies, investment, services and dispute settlement, including implementation issues and various 'built-in agenda' work programs.

Continue follow-up to the North American Free Trade Agreement (NAFTA) and the Canada-Chile Free Trade Agreement (CCFTA), including negotiation and implementation of tariff reduction acceleration and issues associated with rules of origin.

Participate in the pursuit of further trade liberalization opportunities in bilateral, plurilateral and multilateral forums by contributing to the formulation of objectives and positions and participating in the negotiations.

Contribute to the formulation of objectives and positions for multilateral investment discussions and negotiations.

Amend the *Special Import Measures Act* (SIMA) and related instruments in accordance with the government's response to the House of Commons *Report on the Special Import Measures Act*.

Review sectoral and product-based, tariff-related proposals from domestic industry and rules of origin issues with a view to improving the competitiveness of Canadian industry.



Participate in the resolution of international trade disputes related to import and investment policy issues.

Maintain active contact on trade and investment issues with provincial governments, Canadian businesses and concerned private-sector groups.

***Expected Results***

◆ **Special Import Measures Act (SIMA)**

Complete the preparation of legislation to amend SIMA and the *Canadian International Trade Tribunal Act* (CITT Act) with a view to having the legislation tabled and passed in 1998 and amend the related SIMA and CITT Act rules and regulations as required.

◆ **Trade Remedies**

Provide ongoing policy advice on trade remedies and SIMA.

◆ **Customs Tariff**

Ensure smooth implementation of the new *Customs Tariff*.

Launch and complete WTO Article XXVIII renegotiations relating to the new *Customs Tariff*.

Provide ongoing policy advice on tariff-related matters.

In the context of NAFTA (Mexico) and the Canada-Chile Free Trade Agreement, complete NAFTA/Chile tariff acceleration negotiations.

◆ **Canada Customs and Revenue Agency (CCRA)**

Provide policy advice related to the establishment of the CCRA and participate in drafting the legislation for the establishment of the CCRA.

◆ **Sectoral Policy Reviews**

Participate in the Industry Canada-led automotive competitiveness review, particularly as this relates to trade policy aspects.

Participate in the Industry Canada-led competitiveness review of the textile and apparel industries.

◆ **Economic Summits**

Contribute to the development of trade policy advice for leaders' and ministers' summits.

◆ **APEC**

Participate in sectoral trade liberalization follow-up activities flowing from the APEC Vancouver Summit.

◆ **World Trade Organization (WTO)**

Co-ordinate departmental views on, and participate in, the development of the Canadian approach to the WTO Ministerial Meeting, and represent the Department of Finance Canada in consequential follow-up work.

Manage the Canadian input to the WTO Subsidies and Anti-dumping Committees.

Prepare for the 1998–99 review of key provisions of the Subsidies Agreement and the Dispute Settlement Agreement.

- Participate in negotiations on the expansion of product coverage for the Information Technology Agreement (ITA) and the Pharmaceutical Understanding.
- Participate in WTO negotiations and discussions on the harmonization of rules of origin.
- Participate in the development of the Canadian position relating to disputes brought before the WTO.
- Co-ordinate departmental views on, and participate in, the WTO General Agreement on Trade in Services work program respecting possible disciplines on subsidies and trade safeguards.

◆ **Investment**

Co-ordinate departmental views on, and participate in, the expected final phase of the OECD's Multilateral Agreement on Investment (MAI) negotiations (and participate with the Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada in the management of consequential follow-up) and the WTO Working Group on Trade and Investment.

Continue to co-ordinate departmental views respecting the negotiation of bilateral Foreign Investment Protection Agreements.

**Performance Measures**

Currently under development.

## ***Accomplishments***

### **◆ Special Import Measures Act**

Revisions to SIMA and the CITT Act received Royal Assent on March 25, 1999, and are expected to enter into force in the fall of 1999 pending completion of the related rules and regulations. These changes will enhance the systemic efficiency/transparency for the Canadian trade remedies system while ensuring that it effectively balances the needs of Canadian industry in a manner consistent with Canada's international rights and obligations.

### **◆ Trade Remedies**

SIMA-related policy advice focused primarily on three areas: revisions to SIMA and the CITT Act noted above; policy development and reporting responsibilities in relation to international trade agreements and initiatives (e.g. NAFTA, the Free Trade Agreement of the Americas (FTAA) initiative and the WTO dumping and subsidies agreements); and analysis and advice regarding requests for the remission of SIMA duties.

### **◆ Customs Tariff**

The transition to the new simplified *Customs Tariff*, which came into effect on January 1, 1998, was well received by Canadian business and trading interests. Six technical Orders were approved during the 1998–99 review period to ensure policy consistency and correct minor technical errors identified by the government and Canadian business.

In accordance with WTO Article XXVIII, Canada notified the WTO of its new *Customs Tariff*, introduced on January 1, 1998. Departmental officials attended international meetings to explain the changes and answer questions and have resolved outstanding issues with most WTO members.

Departmental officials reviewed requests for tariff relief and provided advice to ministers consistent with Canadian tariff policy. During the review period, various tariff relief measures were introduced by the government to help improve the competitiveness of Canadian business.

The results of the tariff acceleration negotiations with Mexico were implemented on August 1, 1998. The tariff acceleration negotiations with Chile were begun early in 1999 and are expected to be implemented by January 1, 2000.

Departmental officials contributed to the development of the Canadian negotiating position on and participated in the market access discussions associated with the free trade agreement negotiations with the European Free Trade Association, which started in the fall of 1998.

◆ ***Canada Customs and Revenue Agency (CCRA)***

Ensured that import policy considerations were taken into account in the legislation establishing the CCRA, which received Royal Assent on April 29, 1999, and is scheduled to come into force on November 1, 1999.

◆ ***Sectoral Policy Reviews***

Departmental officials were actively involved in analysis and advice related to the Industry Canada-led automotive competitiveness review, the final report of which was released in June 1998.

Departmental officials remained actively involved in the competitiveness review of the textile and apparel industries.

◆ ***Economic Summits***

Participated in the development of the Canadian positions on trade and import policy matters for leaders' and ministers' summits.

◆ ***APEC***

Contributed to Canadian tariff policy proposals for the APEC Early Voluntary Sector Liberalization (EVSL) initiative and attended senior officials' meetings in Asia as part of the Canadian delegation. The APEC EVSL initiative has been moved to the WTO.

◆ ***World Trade Organization (WTO)***

Contributed to Canadian positions on trade and investment issues for the May 1998 WTO ministerial meeting, including the preparation of analytical papers and participation in the meetings.

Co-ordinated Canada's semi-annual reports for the WTO Subsidies and Anti-dumping Committees, actively participated in the Ad Hoc Group on Implementation of the WTO Anti-dumping Agreement and the Informal Group on Anti-circumvention, prepared various analytical papers/contributions for these meetings and headed the Canadian delegation in the various WTO anti-dumping and subsidy-related forums.

Prepared analyses for, and participated in the development of, Canadian positions regarding the mandatory 1998–99 review of key provisions of the WTO Subsidies and Dispute Settlement Agreements.

Participated in the development of the Canadian position relating to the Pharmaceutical Understanding, which was concluded in early 1999 and implemented on July 1, 1999.

Participated in the development of the Canadian position relating to expanding the coverage of the Information Technology Agreement, which is expected to be completed by the end of 1999.

Participated in the development of the Canadian policy position for the purposes of the negotiations and discussions on the harmonization of the WTO rules of origin.

Participated in the development of the Canadian position relating to disputes brought before the WTO on, among others, magazines, aircraft, automobiles, dairy pricing and beef, as well as a review of the WTO Dispute Settlement Agreement itself.

Followed the WTO work program and participated in various domestic and international meetings for the purposes of developing a negotiating framework for possible disciplines on subsidies and trade safeguards in the context of trade in services.

◆ ***Investment***

The MAI negotiations ceased in October 1998. Departmental officials continued to be involved in a work program at the OECD on investment issues. More attention, however, was devoted to developing a Canadian position for possible WTO negotiations.

Continued to offer input to the Department of Foreign Affairs and International Trade respecting the negotiation of bilateral Foreign Investment Protection Agreements (FIPAs) and participated in bilateral negotiations with eight countries. Two FIPAs entered into force and several bilateral FIPAs were agreed-to in principle.

## **International Financial Organizations**

### ***Key Plans and Strategies***

Continuing work with other shareholder governments to promote a broad reform agenda in international financial institutions.

Working closely with the Canadian International Development Agency (CIDA) to reduce the share of the aid program directed to international financial organizations.

### ***Expected Results***

Policy changes currently under way will continue to strengthen the effectiveness of international financial organizations.

The share of the aid program that is directed to international financial organizations will shortly be reduced to the 18-to-20-per-cent range, as required under the Program Review exercise.

### ***Performance Measures***

Currently being developed

### ***Accomplishments***

Reduced the share of the aid program that is directed to international financial organizations.

For a complete discussion of the **Key Plans and Strategies, Expected Results, Performance Measures, and Accomplishments**, reference should be made to the International Financial Organizations business line later in this document.

## **Financial Asset and Liability Management**

### ***Key Plans and Strategies***

The Department of Finance Canada, in conjunction with the Bank of Canada, works to maintain:

- Stable, low-cost funding for the government — prudent debt structure, transparent operations across key maturities, benchmark building, and promotion of a well-functioning market for Government of Canada securities.
- Progressive restructuring of domestic debt programs, in consultation with market participants as federal market debt declines, with the aim of promoting the maintenance of a well-functioning market for Government of Canada securities.
- Prudent financial risk management policies for the government and financial Crown corporations consistent with regulatory and international best practices.
- Prudent levels of cash and Canada's international reserves to foster orderly conditions in the foreign exchange market and provide a sound liquidity position.
- Prudent management of the government's foreign currency assets and liabilities to immunize interest rates and currency risks and minimize cost of carry.

For further discussion of this key plan, reference should be made to the Interest and Other Costs business line of the Public Debt Program.

### ***Expected Results***

Debt charges not exceeding those projected in the budget, including the contingency reserve, in any given year.

For a complete discussion of this expected result, reference should be made to the Interest and Other Costs business line of the Public Debt Program.

### ***Performance Measures***

Reference should be made to the Interest and Other Costs business line of the Public Debt Program for details.

### ***Accomplishments***

Reference should be made to the Interest and Other Costs business line of the Public Debt Program for details.

## **Canada Investment and Savings**

For a complete discussion of **Key Plans and Strategies, Expected Results, Performance Measures** and **Accomplishments**, reference should be made to the Canada Investment and Savings business line of the Public Debt Program.

## **□ A COMPETITIVE AND SECURE FINANCIAL SERVICES SECTOR**

### **Financial Sector**

#### ***Key Plans and Strategies***

##### **◆ *Task Force on the Future of the Financial Services Sector***

Carry out ongoing analysis in anticipation of the September 1998 Task Force report. Once the report is obtained, an extensive analysis of its recommendations will be carried out for the purposes of preparing proposals for the Minister on possible legislative and regulatory initiatives.

##### **◆ *Foreign Bank Branching Regime***

Prepare legislation and regulations that will improve access to foreign banks wishing to operate in Canada by enabling them to conduct activities in Canada directly through a full-service or lending branch operation.

##### **◆ *Demutualization Regime***

Develop legislation and regulations to enable all federally incorporated mutual life insurance companies to convert to stock insurance companies.

##### **◆ *Proposed Bank Mergers***

Undertake a detailed analysis of the two bank merger proposals and advise the Minister of Finance on the likely public interest considerations that would arise.

### ***Expected Results***

#### **◆ *Task Force on the Future of the Financial Services Sector***

Conclusions of the Task Force will form the basis of work on new legislation to modernize the financial sector.

Extensive public consultations on the Task Force's findings.

Legislation must be passed no later than June 2002.

#### **◆ *Foreign Bank Branching Regime***

Will allow foreign banks to branch directly into Canada in addition to subsidiaries.

Will help maintain a healthy foreign bank presence in Canada by making their operations more cost effective.

Will reduce the regulatory burden for foreign banks that do not wish to take deposits in Canada.

#### **◆ *Demutualization Regime***

Will give all federally incorporated mutual life insurance companies the flexibility to pursue a stock company structure and thereby gain access to more sources of capital.

#### **◆ *Proposed Bank Mergers***

Render a decision that is in the public interest, based on the independent advice of the Competition Bureau and the Office of the Superintendent of Financial Institutions, as well as on a careful analysis of public interest considerations.

### ***Performance Measures***

#### **◆ *Foreign Bank Branching Regime***

To be demonstrated by the extent to which foreign banks make use of the new regime and establish branch operations in Canada.

#### **◆ *Demutualization Regime***

To be demonstrated by the extent to which Canada's mutual life insurance companies, with the approval of their policyholders, opt to convert to stock companies under the new regime.



◆ **Financial Sector Review**

Following the release of the report of the Task Force on the Future of the Financial Services Sector in September 1998, the Department of Finance Canada conducted in-depth analyses and extensive consultations with respect to the recommendations.

**Accomplishments**

◆ **Foreign Bank Branching Regime**

Legislation and related regulations to implement the regime came into force on June 28, 1999.

The Office of the Superintendent of Financial Institutions is now accepting applications from foreign banks that wish to establish branch operations in Canada.

◆ **Demutualization Regime**

Legislation and regulations to implement the regime came into force on March 12, 1999.

Canada's four largest mutual life insurance companies have indicated their intention to pursue demutualization; two companies have completed their conversions and the remaining two are at various stages in the demutualization process.

◆ **Financial Sector Review**

Release on June 25, 1999, of a policy paper entitled *Reforming Canada's Financial Services Sector: A Framework for the Future*, which contains 57 measures that will form the basis of legislation to reform the financial services sector, and that are aimed at:

- promoting efficiency and growth
- fostering domestic competition
- empowering and protecting consumers of financial services
- improving the regulatory environment

*Reforming Canada's Financial Services Sector: A Framework for the Future* to:

- promote efficiency and growth
- foster domestic competition
- empower and protect consumers
- improve regulatory environment

◆ **Proposed Bank Mergers**

On December 14, 1998, the Minister of Finance announced that the proposed mergers would not be allowed to proceed because they would have led to an unacceptable concentration of economic power, a significant reduction of competition and reduced policy flexibility for the government to address potential prudential concerns. At the time of the decision, the Minister of Finance also stated that the immediate priority of the government was to focus on establishing the appropriate policy framework for the financial sector for the twenty-first century.

## CONTRIBUTIONS TO GETTING GOVERNMENT RIGHT

### **Advancement of the Privatization/Commercialization Agenda**

#### *Key Plans and Strategies*

Provide analysis and advice on federal privatization initiatives including, where appropriate, assistance to line departments in reviewing privatization and commercialization initiatives and undertaking the privatization of federal Crown corporations and equity holdings.

#### *Expected Results*

Subject to market conditions and government objectives, to sell all or part of the government's 18-per-cent shareholding in Petro-Canada in this or subsequent fiscal years.

Subject to the receipt of an acceptable purchase proposal, to assist the Canada Development Investment Corporation in completing the sale of its wholly owned subsidiary, Theratronics International Ltd.

#### *Performance Measures*

Selling all or part of the government's stake in Petro-Canada.

Assisting the Canada Development Investment Corporation in completing the sale of its wholly owned subsidiary, Theratronics International Ltd.

#### *Accomplishments*

Theratronics International Ltd. was sold to the MDS Health Group Ltd. on May 20, 1998, for \$15.5 million.

## SECURE SOCIAL PROGRAMS

### **Canada Pension Plan**

#### *Key Plans and Strategies*

Passage of CPP reform legislation through Parliament prior to January 1, 1998.

Approval of the investment regulations (by participating provinces and appropriate federal authorities) in 1998.

Establishment of the CPP Investment Board.

Assessment and development of options on Track II issues (i.e. issues not addressed in the last regular CPP review), namely, partial pensions, survivor benefits, credit splitting, CPP coverage, stacking of pensions and Employment Insurance.

The CPP regular review of contribution rates and benefits to begin in 1999.

Appointment of the first Board of Directors of the Canada Pension Plan Investment Board in 1998.

### ***Expected Results***

Adoption of investment regulations.

Investment Board in operation and investment of funds in markets.

Development of options for Track II issues in conjunction with provinces; ready for ministerial decision at the next regular review in 1999.

### ***Performance Measures***

Passage of the *Canada Pension Plan Investment Board Act* and regulations.


Appointment of the Board Directors.

Investment of CPP funds in capital markets.

Passage of CPP regulations on a method for the Chief Actuary to calculate ‘steady state’ contribution rates.

### ***Accomplishments***

The *Canada Pension Plan Investment Board Act* received Royal assent in December 1997. Regulations under the Act obtained Governor in Council approval in April, 1999.



CPP funds invested  
in capital markets

Directors of the Board were appointed in October 1998, and were to start work in March 1999. CPP funds were transferred to the Board and invested in capital markets.

Track II issues currently under review. Three federal-provincial meetings were held in 1998.

CPP regulations on ‘steady state’ rates obtained Governor in Council approval in December 1998.

## **Old Age Security**

### ***Key Plans and Strategies***

Ensure sustainability of Old Age Security (OAS).

### ***Expected Results***

Details of the proposal to replace OAS by the Seniors Benefit to be reviewed.

### ***Performance Measures***

Sustainable OAS.

### ***Accomplishments***

The proposal was reviewed and a decision made to ensure the sustainability of OAS and the Guaranteed Income Supplement (GIS) through continued fiscal prudence rather than implementing the proposed Seniors Benefit.

## **Renewal of Equalization**

### ***Key Plans and Strategies***

Conduct technical analysis, in particular of recommendations made by the Auditor General.

Consult provincial governments.

Update Equalization formula.

### ***Expected Results***

The renewed Equalization program will be in place by April 1, 1999.

### ***Performance Measures***

Successful completion of consultations with provinces and of technical analyses.

Passage of legislation updating Equalization payments.

### ***Accomplishments***

Legislation passed. Royal Assent was granted to an *Act to amend the Federal-Provincial Fiscal Arrangements Act* on March 25, 1999. This enactment provides payments for the next five fiscal years (effective April 1, 1999, to March 31, 2004). Special provisions were made for Nunavut to enable the Interim Commissioner to sign a two-year agreement with an option for the new Government of Nunavut to sign the agreement once it has assumed office.

For a complete discussion of the **Key Plans and Strategies, Expected Results, Performance Measures, and Accomplishments**, reference should be made to the Transfer Payments business line of the Federal-Provincial Transfers Program.

## **New Financial Arrangements for Yukon, the Northwest Territories and Nunavut**

### ***Key Plans and Strategies***

Technical analysis of all aspects of territorial financing.

Consultations with Northern parties.

Formula for territorial financing to be updated.

### ***Expected Results***

New financial arrangements in place by April 1, 1999.

### ***Performance Measures***

Successful completion of consultations with the governments and people of the North.

Conclusion of new agreements with territories.

### ***Accomplishments***

New arrangements for Territorial Formula Financing established for a five-year term (running from April 1, 1999, to March 31, 2004). Special provisions were made for Nunavut to enable the Interim Commissioner to sign a two-year agreement with an option for the new Government of Nunavut to sign the agreement once it has assumed office.

For a complete discussion of the **Key Plans and Strategies, Expected Results, Performance Measures**, and **Accomplishments**, reference should be made to the Transfer Payments business line of the Federal-Provincial Transfers Program.

## **A.2 International Financial Organizations Business Line**

### ***Objective***

Responsible administration of international financial obligations and subscriptions.

<b><i>Summary Financial Information</i></b>	
Planned Spending	\$726,400,000
<i>Total Authorities</i>	\$1,959,383,227
<b>1998-99 Actuals</b>	<b>\$1,485,794,711</b>

### ***Key Results***

Accurate and timely payment of international subscriptions and obligations to such organizations as:

- the International Bank for Reconstruction and Development (IBRD)
- the International Development Association (IDA)
- the International Finance Corporation (IFC)
- the Multilateral Investment Guarantee Agency (MIGA)
- the Enhanced Structural Adjustment Facility (ESAF)
- the European Bank for Reconstruction and Development (EBRD)

Accurate and timely payment of grants and contributions under Paris Club multilateral agreements, usually related to debt restructuring and relief.

## **□ A SECURE FINANCIAL FUTURE**

### ***Key Plans and Strategies***

The government has continued to work with other shareholder governments to promote a broad reform agenda in International Financial Institutions. Such reforms are necessary to ensure that these organizations continue to be able to respond effectively and efficiently to the challenges of globalization.

In keeping with agreements reached as part of the Program Review exercise, the department has been working closely with CIDA to reduce the share of the aid program that is directed to international financial organizations.

The government will probably seek legislative authority to participate in international financial assistance efforts, when necessary, to supplement the resources of the international financial organizations.

### ***Expected Results***

The government expects that policy changes currently under way will continue to strengthen the effectiveness of the international financial organizations. It also anticipates that the share of the aid program directed to these organizations will shortly be reduced to 18-to-20 per cent of the International Assistance Envelope.

### ***Performance Measures***

Currently being developed.

### ***Accomplishments***

To respect the decision to limit contributions to International Financial Organizations as a share of the aid program, Finance, CIDA and Foreign Affairs and International Trade have worked in close co-operation and managed to reduce Canada's share of recent replenishments of the concessional windows of the International Financial Organizations. These initiatives have helped to lower contributions to International Financial Organizations as a share of the aid program to within 18-to-20 per cent for the past four fiscal years. For 1999–2000, it is expected that contributions to International Financial Organizations will account for about 18 per cent of the budget for international assistance.

## **A.3 Domestic Coinage Business Line**

### ***Objective***

Payment of the production costs for domestic circulating coinage.

<b>Summary Financial Information</b>	
Planned Spending	\$38,000,000
<i>Total Authorities</i>	<i>\$59,656,680</i>
<b>1998–99 Actuals</b>	<b>\$59,656,680</b>

### ***Key Result***

The payment of production and distribution costs relating to domestic circulating coinage to the Royal Canadian Mint.

## **☐ A SECURE FINANCIAL FUTURE**

### ***Key Plans and Strategies***

Under an arrangement with the Department of Finance Canada, the Royal Canadian Mint manufactures and supplies circulating coinage to enable the Government of Canada to meet the needs of Canadians. The Department of Finance Canada contracts the Mint to produce and distribute the coins that are part of Canada's currency system.

The current contract expires in 1999–2000. A new contract is being negotiated with the assistance of private-sector consultants with a view to including commercial terms.

To further reduce domestic coinage costs, the Mint will use nickel-plated steel for the 5, 10- and 25-cent pieces. The Mint is adding nickel-plating capacity to its existing production facilities in Winnipeg. The \$31-million investment project is under budget and on schedule for the production of nickel-plated coins in 2000.

***Expected Results***

The supply of all denominations of circulating coinage by the Mint to financial institutions to meet the demands of the Canadian economy.

***Performance Measures***

Reference should be made to the proposed new commercial-like contract mentioned above.

**A.4 Special Projects (Hibernia) Business Line**

***Objective***

Non-budgetary payment to fund Canada’s equity interest in the Hibernia project.

<b>Summary Financial Information*</b>	
Planned Spending	\$12,000,000
Total Authorities	\$12,000,000
<b>1998–99 Actuals</b>	<b>\$11,685,041</b>

\* Excludes the following statutory items, reported in Public Accounts and included in Section V Financial Performance tables under the Special Projects business line: the Canada Millennium Scholarship Foundation, adjustments to the Accounts of Canada, payments related to CCB/Northland Bank, and continuing authorities related to Petro-Canada shares.

***Key Result***

The timely contribution of equity to Canada Hibernia Holdings Corporation (CHHC) to fund Canada’s commitment to the Hibernia development project.

**☐ A SECURE FINANCIAL FUTURE**

***Key Plans and Strategies***

To fund Canada’s obligations for the construction and start-up costs to the extent that they cannot be funded out of CHHC’s cash flow.

***Expected Results***

Beyond 1998–99, there will be no further need for the government to provide funding for its 8.5-per-cent interest in the Hibernia project. CHHC will manage the investment on a commercial basis from cash flow, pending a decision to sell the investment.



### ***Performance Measures***

Minimize the government's funding requirements.

### ***Accomplishments***

The government's funding of its 8.5-per-cent interest in the Hibernia project ceased in 1999. The project interest is now funded from internally generated cash flows.

## **A.5 Corporate Administration Business Line**

### ***Objective***

Effective and efficient corporate administration.

<b>Summary Financial Information</b>	
Planned Spending	\$32,300,000
<i>Total Authorities</i>	\$35,238,884
<b>1998-99 Actuals</b>	<b>\$28,494,933</b>

### ***Key Results***

Timely and relevant fiscal and economic information.

Sound legal advice.

Accurate and timely processing of applications under the *Access to Information Act* and the *Privacy Act*.

Successful legislative initiatives.

Greater facility for Canadians communicating with the department.

Competent and professional corporate services, which comprise financial, human resources, information technology, security and administrative services.

### ***Key Plans and Strategies***

#### **◆ *Consultations and Communications***

Enhanced departmental capacity to deliver information to Canadians.

Improvements in the use of electronic communications such as the Internet.

A more systematic organization of media relations, consultations and ministerial correspondence.

◆ ***Corporate Services***

Universal Classification System (UCS) implementation.

*La Relève.*

Financial Information Strategy (FIS) implementation.

Research and evaluation of new technologies to provide business solutions.

***Expected Results***

◆ ***Consultations and Communications***

More timely and relevant fiscal and economic information.

Greater facility for Canadians to communicate with the department.

◆ ***Corporate Services***

More efficient classification system.

Rejuvenated, skilled workforce.

Implementation of private-sector model of accounting in the Government of Canada.

Business requirements of electronic environment to be met.

***Performance Measures***

Currently being developed.

***Accomplishments***

◆ ***FIS Implementation***

Embarked on project planning with ongoing development during 1999–2000 for targeted implementation in 2000–01.

◆ ***Management of Executive Information System***

A new correspondence management system was successfully implemented in the Department of Finance Canada, meeting both Y2K objectives and shared system objectives.

◆ ***Strike/Demonstration Management***

Contingency plans in effect for management of strikes and demonstrations to ensure the safety and security of employees and physical assets.

◆ ***Access Control and Intrusion Detection System***

Controlling software for the above system was updated to be Y2K compliant. This new software now affords a degree of flexibility in the system's security features, to enable departmental officials to tailor the system to different clients' needs while retaining system integrity.

◆ ***La Relève and the Renewal of the Department***

Through the PSC's post-secondary recruitment program, the department recruited 34 university graduates at the master's and doctoral levels.

The 1998 executive retreat identified the two top human resources priorities for the year: performance management and leadership training.

The department continues to build on the performance management process by providing feedback and developmental opportunities to its employees.

The Leadership Development Program was created to train executives and future executives. It is a five-day learning activity that includes the 360 feedback exercise, one-on-one coaching and the establishment of individual training plans.

◆ ***Implementation of a Corporate Human Resources Planning Framework***

A human resources planning calendar was introduced in the spring of 1999 to support a strategic human resources approach.

A human resources report was presented to the Executive Committee on progress achieved to date on meeting the objectives of *La Relève*.

The new Performance Management Program for executives was introduced. This allowed strong links between performance agreements and the department's accountability framework.

A comprehensive demographic profile was developed for the department.

An executive retreat was planned for June 1999 to focus entirely on human resources management.

◆ **Implementation of the Revised Classification System and Official Languages Policy**

The department continued with the preparatory work necessary to implement the new classification system. Work descriptions have been developed for a majority of positions and employee committees have evaluated a sample of positions that will serve to establish factor weights.

The department's official languages policy was developed.

◆ **Y2K Readiness**

Year 2000 progress is being updated on a regular basis. The results represent a continuation of a monitoring process that has been established specifically to provide a more detailed analysis of departmental Year 2000 plans as they relate to the department-wide, mission-critical (DWMC) functions.

The overall completion index for Year 2000 information technology conversion in the department is calculated at 100 per cent.

Function	Total No. of DWMC Systems	Compliant/ Non-Compliant	Last Conversion Date	Last Testing Date	Last Implementation Date	Function Completion Index
Transfer Payments	4	4/0	30 Sept. 98	30 June 99	30 June 99	100%
Integrated Financial and Materiel Systems	1	1/0	1 April 97	1 April 97	1 July 97	100%

As for embedded systems, all those systems for which the department is responsible have been tested and, for those areas not compliant, plans have been set up to resolve the problem.

The end-user inventory of individual applications has been completed and is updated weekly. Plans have been established for the end-user environment and applications.

Server and desktop software are kept up to date.

Desktop computers (hardware) have been tested, repaired or replaced as necessary.

## B. Public Debt Program

### *Objective*

The statutory funding of interest and service costs of the public debt and the issuing costs of new borrowings, if required.

### B.1. Interest and Other Costs Business Line

#### *Objective*

The funding of interest and service costs of the public debt and the issuing costs of non-retail debt, if required.

<b>Summary Financial Information</b>	
Planned Spending	\$43,359,000,000
Total Authorities	\$44,694,282,621
<b>1998–99 Actuals</b>	<b>\$44,694,282,621</b>

#### *Key Results*

The Interest and Other Costs Business Line encompasses accurate, timely payments and cash management.

## A SECURE FINANCIAL FUTURE

### *Key Plans and Strategies*

Maintain a well-functioning market in Government of Canada securities (focus on liquidity and transparency) to achieve lower debt costs, with a particular emphasis on managing the market impact of the downsizing of market debt — progressive restructuring of domestic debt programs, in consultation with market participants.

Maintain a prudent structure for the debt stock to ensure cost stability under a range of potential interest rate environments.

Maintain active relations with investors and credit rating agencies through the timely distribution of information on Canada's economic and fiscal outlook.

Maintain prudent levels of cash and Canada's international reserves to foster orderly conditions in the foreign exchange markets and provide a sound liquidity position.

Manage the government's foreign currency assets and liabilities prudently, immunize interest rates and currency risks, and minimize cost of carry.

### ***Expected Results***

Debt charges not exceeding those projected in the budget, including the contingency reserve, in any given year.

### ***Performance Measures***

Fixed/floating ratio — the target is to have 2/3 of the government's outstanding market debt in fixed-rate instruments (i.e. those that mature in a time period greater than one year).

An indicator of market efficiency is the trading spread for instruments (i.e. the difference between the yields at which instruments are offered for sale and for purchase); an indicator of market liquidity is total volume of transactions relative to outstanding stock; both as compared to other sovereign borrowers' markets.

Successful auctions of domestic debt instruments and successful issuance of foreign currency denominated debt.

### ***Accomplishments***

Target for 2/3 proportion of debt stock in fixed-rate instruments achieved in 1998–99.

Trading spreads for Government of Canada Treasury Bills and benchmark bonds compare favourably to those of other major sovereign markets, as do the trading volumes for Government of Canada debt instruments.

Auctions of domestic debt continue to be successful, with positive feedback on operations from market participants; also, in 1998, two large foreign currency-denominated bonds were launched — both were well-received by investors.

Launched pilot bond buy-back program with objective of liquidity maintenance in primary market for Government of Canada bonds.

IDA Code of Conduct (Policy No. 5) approved by Ontario Securities Commission and sent to all member firms.

New rules for auctions of Government of Canada securities implemented in October 1998.

## **B.2 Canada Investment and Savings (CI&S) Business Line**

### ***Objective***

The provision of funding for the government consistent with its fiscal plan and designed to balance cost, risk and market considerations; maintenance of a reasonable and sustainable retail share of the total federal debt, thereby ensuring a broad investor base

for government debt; and the offer of a family of attractive products, thus benefiting all Canadians.

<b>Summary Financial Information</b>	
Planned Spending	\$141,000,000
<i>Total Authorities</i>	<i>\$137,387,321</i>
<b>1998–99 Actuals</b>	<b>\$137,387,321</b>

### ***Key Results***

Retention and diversification of the product line.

Increased access to products.

Operational efficiencies and prudent budget management.

## **□ A SECURE FINANCIAL FUTURE**

### ***Key Plans and Strategies***

Establishment of a three-year Product Development Plan outlining CI&S's product strategy and management of the cost-effectiveness and risk elements of the retail debt portfolio.

Development of a three-year Sales and Distribution Strategy, which includes:

- completion of the new Canada Savings Bonds Payroll Program;
- re-engineering of the current sales force organization; and
- building the commitment of financial institution partners.

Continued implementation of the Information Technology Plan, which includes:

- retail Debt Management System;
- stabilizing the new Canada Savings Bonds Payroll Program System;
- development of an Electronic Commerce Strategy; and
- ongoing cost-effective systems and operations support.

Expansion of marketing and Public Relations (PR) program, including:

- continuity program
- expansion of PR program

***Expected Results***

The development of a family of new products and enhancements to existing products.

Rollout of the new Canada Savings Bonds Payroll Program System to a larger segment of the remaining companies participating in the new Canada Savings Bonds Program and the canvassing of new companies.

Development of a Sales and Distribution Strategy and reorganization of CI&S's payroll program sales force.

Business partnerships with financial institutions.

Development of an Electronic Commerce Strategy and implementation of selected components in 1998–99.

Finalization of an agreement with the Bank of Canada to provide ongoing operations and systems support to the Retail Debt Program under a cost-recovery approach.

Building on the Continuity Advertising Program by extending promotional campaigns to support being in the market at least six months of the year (compared to three weeks in 1996) while remaining within approved budget.

Expansion of the PR program by pursuing, for example, increased involvement of CEOs of participating payroll companies and the expansion of a focus on youth.

***Performance Measures***

Total retail debt as a percentage of total Government of Canada market debt.

Percentage of non-marketable retail debt portfolio (CPBs) sold in form other than non-registered fully liquid CSBs.

Gross sales of non-marketable retail debt.

Management within budget.

***Accomplishments***

In 1998–99, CI&S continued its steady progress with respect to:



◆ ***Retention and Diversification of the Retail Debt Portfolio***

CI&S was successful in maintaining a reasonable share of retail debt holdings as a percentage of total Government of Canada market debt, at approximately 23 per cent in 1998–99.

Contributing to this positive outcome were the introduction of the less cashable Canada Premium Bond (CPB), a new bond offering a higher rate of interest, but with annual cashability and a six consecutive month sales period pilot, compared to four months in 1997–98 and three weeks in 1996–97. This was also the first time in over 50 years that two retail debt products were on sale at the same time — the original Canada Savings Bond (CSB) and the new CPB, each with their own RRSP and RRIF option available.

More specifically, gross sales of the two bonds were \$5.1 billion, with 50 per cent of total sales in the new CPB. Annualized sales through the Payroll Savings Program are estimated at \$1.4 billion. Registered holdings in the Canada RRSP and RRIF also increased by about 25 per cent in the past year to \$330 million. These sales numbers compare favourably to last year's sales, meeting retention and diversification targets for the retail debt portfolio.

◆ ***Rollout of the New Canada Savings Bonds Payroll Program***

Continued progress was made in this second year of implementation of the new Canada Payroll Savings Bonds Program. About 50 per cent of payroll sales during the fall 1998 payroll campaign were generated from the new payroll program. Employer sponsors continue to provide positive reviews regarding the up to 70-per-cent reduction in administrative workload with the new system, while purchases per employee have increased by about 7 per cent compared to the original program. Furthermore, some companies returned to the Payroll Program, including Daimler Chrysler Canada Inc. after an eight-year absence.

◆ ***Development of a Sales and Distribution Strategy and Enhanced Business Partnerships with Financial Institutions***

In 1998–99, CI&S completed, in collaboration with a private-sector firm, a long-term Sales and Distribution Strategy to be implemented gradually over the next few years. In 1998–99, CI&S started the reorganization of its current payroll program sales force by restructuring sales force compensation and providing increased sales support and training. Furthermore, a small team was assigned to work on building business partnerships with financial institutions.

◆ ***Development of an Electronic Commerce Strategy and Building on the Retail Debt Technology Infrastructure***

In 1998–99, CI&S completed an Electronic Commerce Strategy to determine priorities in this area for the next three years in order to promote on-line transactions and communications with customers. CI&S, in collaboration with the Bank of Canada, also

continued to set in place a solid technology foundation in support of the retail debt program. Among the major accomplishments in 1998–99 were the completion of the Retail Debt Management System (the new CSB register) and an enhancement to the New Canada Savings Bonds Payroll Program System to ensure adequate support for the conversion to the new payroll program. It is worthy of note that the Bank of Canada, together with CI&S, were awarded a Distinction '98 Gold Medal (Government Technology Exhibition and Conference) in recognition of the successful implementation of the New Canada Savings Bonds Payroll Program System.

◆ *Cost Recovery and Service Agreement with the Bank of Canada*

CI&S continued negotiations with the Bank of Canada with regard to systems and operations support provided by the Bank to the retail debt program. Major inroads were made with regard to the Bank moving towards a more predictive and consumption-based cost accounting model to recover from CI&S the Bank's costs related to providing services to the retail debt program.

◆ *Expansion of CI&S's Integrated Marketing Program*

CI&S's innovative approach to integrated marketing — under the theme of “New Canada Savings Bonds: You're on solid ground” — continued to show positive results, which also allowed the Agency to support a longer sales period with a minimal increase in the marketing budget (through internal reallocation of funds). This trend was also apparent in the latest research results indicating that more people now think CSBs are for people like them. Furthermore, CI&S's two television commercials won Mobius advertising awards in Chicago in the fall of 1998 (achieved second place in the financial institutions' category out of 5,000 entries from 37 countries).

Among the most notable unpaid marketing efforts was the nomination, on a volunteer basis, of Mr. Lynton R. Wilson, Chairman of the Board of BCE Inc., as the inaugural National Campaign Chair of the new Canada Savings Bonds Payroll Program. This was a new initiative that will become an integral part of the program's success with corporate Canada.

## **C. Federal-Provincial Transfers Program**

### *Objective*

Transfer payments pursuant to statutes with respect to the Canada Health and Social Transfer, Equalization to provinces and territories and other transfers, and pursuant to agreements with respect to Territorial Formula Financing.

## C.1 Transfer Payments Business Line

<b>Summary Financial Information</b>	
Planned Spending	\$19,451,000,000
<i>Total Authorities</i>	<i>\$22,285,945,235</i>
<b>1998–99 Actuals</b>	<b>\$22,271,693,001</b>

Note: Amounts presented in the above table include the cash contributions authorized by Part V of the *Federal-Provincial Fiscal Arrangements Act* in respect of the Canada Health and Social Transfer (CHST). The following shows the total federal contribution in respect of CHST, including the tax portion of the transfer:

Total Cash Transfer Payments	\$12,733,624,000
Plus Tax Transfers	<u>\$13,521,453,000</u>
Total	\$26,255,077,000

### **Key Results**

Accurate and timely transfer payments pursuant to statutes and agreements with respect to:

#### ◆ **Canada Health and Social Transfer (CHST)**

Which provides funds to provinces in support of health, post-secondary education and social assistance to ensure the maintenance of the *Canada Health Act* and access to social assistance without minimum residency requirements. The 1999 budget provided an additional \$11.5 billion specifically for health care over the next five years and accelerated the progression to an equal per capita entitlement.

#### ◆ **Fiscal Equalization**

Which provides transfer payments to provinces with lower fiscal capacity so that they can provide reasonably comparable levels of services at reasonably comparable levels of taxation. The department consulted with provinces to prepare for the renewal of Equalization legislation effective April 1, 1999.

#### ◆ **Territorial Formula Financing**

To ensure that territorial governments have the financial resources to provide a full range of public services in the North. The department concluded consultations for the establishment of financial arrangements for the new territory of Nunavut in 1999, as well as the renewal of financial arrangements with the other territories.

◆ *Other Transfers Such As:*

- **Statutory Subsidies** – which are unconditional payments, established by the Terms of Confederation and under subsequent arrangements as new provinces entered Confederation, payable in perpetuity.
- **Youth Allowances Recovery** – which represents the recovery from Quebec of that portion of the special tax abatement to the province in respect of the now-defunct Youth Allowances program.
- **Alternative Payments for Standing Programs** – which is an arrangement whereby, in lieu of direct cash transfers for standing programs, the federal government reduces federal personal income tax rates in Quebec. This special tax abatement is subtracted from cash entitlements otherwise payable under the *Fiscal Arrangements Act*.
- **Grant to the Province of Newfoundland and Labrador** – which is a series of statutory payments to be made to the Province of Newfoundland and Labrador pursuant to the *Newfoundland Additional Financial Assistance Act*.

□ **SECURE SOCIAL PROGRAMS**

◆ *Territorial Formula Financing (TFF)*

*Key Plans and Strategies*

In order to establish new financing arrangements, the department is involved in extensive analysis of all technical aspects of the TFF formula.

This technical work is undertaken in the context of intensive consultations on financing arrangements within a structure of federal-territorial officials committees. Given the special circumstances of the current renewal of TFF resulting from the creation of a new territory, a multipartite committee of federal and territorial officials and stakeholders has been set up to consult on specific financing issues arising from the division of the Northwest Territories.

The department, while fully responsible for financing arrangements with the territories, consults regularly with Indian and Northern Affairs Canada, which has program responsibilities in the North.

*Expected Results*

Under the current Territorial Formula Financing agreements, it is expected that, in 1999–2000, the federal government will transfer close to \$1.3 billion to the three territorial governments.

The department anticipated establishing new financing arrangements with Yukon, the Government of the Northwest Territories, and the Interim Commissioner for Nunavut in 1998–99. Funding for Nunavut and the Northwest Territories will include reasonable ongoing incremental costs due to the creation of the new territory.

### ***Performance Measures***

Extensive consultations with the governments and people of the North, ensuring funding stability and predictability for these governments were concluded.

New financing agreements with the three territories to be put in place.

### ***Accomplishments***

New arrangements for TFF established for a five-year term: from April 1, 1999, to March 31, 2004. Special provisions were made for Nunavut to enable the Interim Commissioner to sign a two-year agreement with an option for the new Government of Nunavut to sign the agreement once it has assumed office.

As a result of these new agreements, TFF funds are expected to increase by close to \$300 million over the next five years, from \$1.3 billion in 1999–2000 to \$1.6 billion in 2003–04.

### **◆ *Equalization***

#### ***Key Plans and Strategies***

Equalization payments are calculated according to a formula set out in federal legislation. Provinces with revenue-raising capacity below a standard receive Equalization transfers from the federal government to bring their per capita fiscal capacity up to the standard. The standard measures the fiscal capacity of the five ‘middle income’ provinces — Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. The standard in 1998–99 is \$5,472.

Equalization renewal discussions involve an in-depth review of a number of technical aspects of the formula, including the treatment of provincial sales tax revenues, resource tax revenues and revenues from lotteries and other gaming activities. The department also conducted analyses of other aspects of the program, some of which, such as the treatment of user fees and the design of the Equalization ceiling and floors, were the subjects of specific recommendations by the Auditor General in a recent comprehensive audit of the program.

Ongoing consultations with provinces are an integral part of the management of the Equalization program. Permanent federal-provincial committees of officials meet regularly and intensify their efforts during the two-year period preceding each renewal of the legislation.

The department is working with Statistics Canada to improve data used in the Equalization formula and, in particular, to take full advantage of the Project to Improve Provincial Economic Statistics currently under way at Statistics Canada.

***Expected Results***

New Equalization legislation will be tabled in 1998–99 and regulations will be drafted to give effect to changes to the program. Improvements in the Equalization formula's measurement of provincial and municipal fiscal capacities are expected, in particular in the areas of sales tax, lottery revenues, property tax and payroll taxes, thus responding to the recommendations made by the Auditor General.

***Performance Measures***

Successful completion of consultations with provinces and of technical analyses.

Passage of legislation renewing the Equalization program for five years.

***Accomplishments***

Legislation passed. Royal Assent was granted to an *Act to amend the Federal-Provincial Fiscal Arrangements Act* on March 25, 1999. This enactment provides payments for the next five fiscal years, putting Equalization and other major transfer programs on a common five-year basis. (See chart on p. 53.)

Equalization payments forecast to be \$9.3 billion in 1999–2000. Over the next five-year arrangement, Equalization will provide a projected \$50 billion to provinces, \$5 billion more than they received under the previous five-year arrangement.

◆ ***Canada Health and Social Transfer (CHST)/Strengthening Health Care***

***Key Plans and Strategies***

To increase federal support for health care, post-secondary education and social assistance and services by implementing a floor of \$12.5 billion for the cash portion of the CHST.

***Expected Results***

As a result of the planned increase in the CHST cash floor, provinces will be getting higher federal support for the provision of health care and social programs. Over the period from 1997–98 to 2002–03, the higher cash floor will increase CHST transfers to provinces by some \$7.0 billion. (See chart on p. 53.)

### ***Performance Measures***

Passage of legislation.

Analyses of the economic, fiscal, financial and other implications of changes to the social security system and of social policy in general.

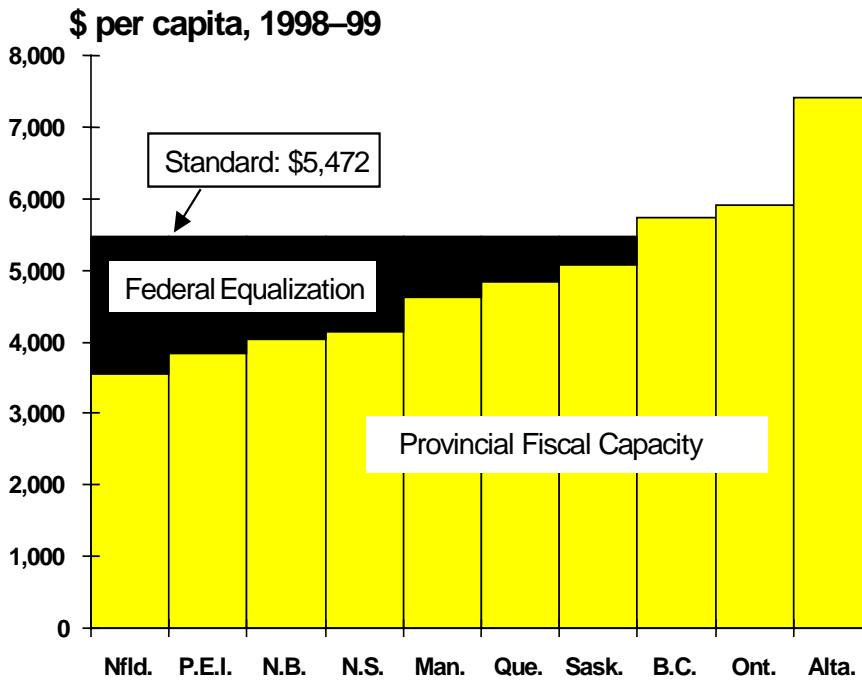
### ***Accomplishments***

Passage of legislation implementing the 1998 budget and an increase of the cash floor from \$11.0 billion to \$12.5 billion.

1999 budget measures included an additional \$11.5 billion to the CHST specifically for health care. CHST payments to provinces forecast to be \$28.4 billion in 1999–2000, increasing to \$31.4 billion in 2003–04. The budget also allowed for the gradual elimination of disparities in the way the CHST is allocated across provinces. Beginning in 2001–02, all provinces will receive identical per capita CHST entitlements, providing equal support for health and other social services to all Canadians. Royal Assent was granted on June 17, 1999, to an *Act to implement certain provisions of the budget* to implement these measures.

Beyond transfers to provinces, the department worked closely with Health Canada to develop proposals for new or enhanced health programs announced in the 1999 budget. The budget provided close to \$1.4 billion over three years to improve health information systems, promote health-related research and innovation, improve First Nations and Inuit health services, and enhance preventive programming.

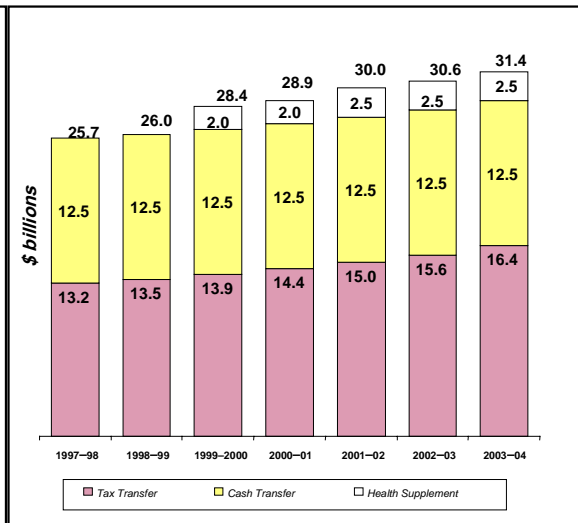
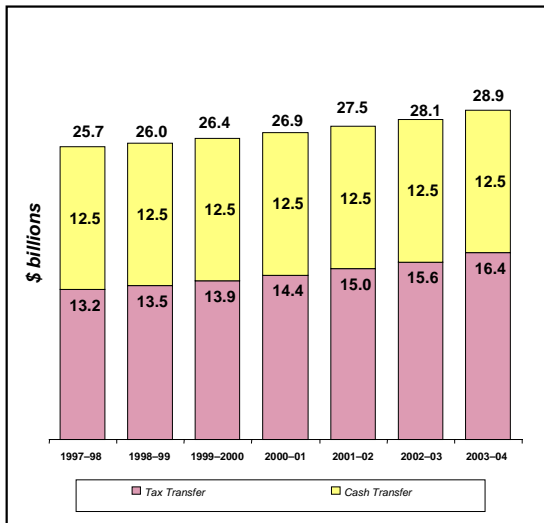
### Equalization Results



### Canada Health and Social Transfer (CHST)

**CHST: Before \$11.5 B Cash Supplement for Health Care over 5-Years**

**CHST: After \$11.5 B Cash Supplement for Health Care over 5-Years**





## Section IV: Consolidated Reporting

### Sustainable Development Strategy

Over the past several years, the department has taken steps to better integrate the economy and the environment into the policies for which it is responsible. The five most recent federal budgets contained measures to help level the playing field between renewable and non-renewable energy, promote energy efficiency, and encourage donations of ecologically sensitive land and the creation of environmental trusts.

Given the cross-cutting nature of sustainable development, the approach within the Department of Finance Canada has been to incorporate it broadly within the existing policy development framework rather than isolate it. In practice, this means that each branch is responsible for taking sustainable development implications into account. In order to co-ordinate the integration of sustainability into the full range of policy analysis and development for which the department is responsible, a senior-level committee involving participants from every branch provides oversight and guidance.

In accordance with the *Auditor General Act*, the department tabled its Sustainable Development Strategy (SDS) in December 1997. The SDS identifies the following four key issues:

- **Integrating the economy and the environment:** Build on progress in integrating environmental and economic considerations in tax, spending and related policies.
- **Building the future:** Improve intergenerational equity by promoting fiscal health and strengthening the economy and society.
- **Participating in the global economy:** Address the growing globalization of the economy and environmental concerns and the link to international competitiveness.
- **Greening operations:** Green the department's internal operations.

To date, progress has been made in several areas, as outlined in the chart on the following pages.

The Economic Development and Corporate Finance Branch, the department's focal point for sustainable development issues, has continued to expand its resources and build its expertise through the efforts of one of its officers mandated to improve the integration of sustainable development within the department.

Throughout the year, departmental officials participated in the development of an updated Cabinet Directive on Strategic Environmental Assessment. Work also began to develop guidelines on the application within the department of this new directive.

The department has also been very active in a series of interdepartmental initiatives aimed at better co-ordinating the federal role in areas of sustainable development, in establishing and meeting international commitments, and in fostering a better understanding among Canadians of the importance of sustainable development.

## Sustainable Development Strategy – Progress Report

Strategic Goals	Objectives	Highlights of Progress to Date
<b>Key Issue: Integrating the Economy and the Environment</b>		
<b>Making the tax system more responsive to environmental considerations</b>	<p>Continue to assess effectiveness of tax measures with a view to encouraging greater energy efficiency and use of renewable energy.</p> <p>Develop catalogue of information on energy taxes and transportation taxes in Canada.</p> <p>Evaluate proposals for changes to the existing excise taxes on motive fuels.</p>	<p>Assessed the implications of proposals to modify the tax system on a regular basis and especially during preparations for the budget (industry associations, individual companies and environmental NGOs made recommendations on such issues as tax incentives for community energy systems and heat distribution facilities, transit passes, excise taxes, etc.).</p> <p>The Canadian Energy Research Institute's multi-client study of capital cost allowance rates for electrical generation equipment was released.</p> <p>Descriptions of existing taxes on the transportation sector nearly completed (contact has been established with provinces and the information received to date is being processed).</p> <p>Draft inventory of federal and provincial measures to be reviewed by provinces this fall.</p> <p>Monitored various reports and studies being prepared by industry associations across all Issue Tables working to develop recommendations for the National Implementation Strategy on Climate Change.</p>
<b>Reducing or eliminating subsidies</b>	<p>Work with other departments to identify any further scope for reducing or eliminating environmentally harmful subsidies.</p>	<p>Through a wide range of forums, departmental officials provided guidance to departments on identifying further scope for reducing or eliminating subsidies.</p>
<b>Developing practical uses of economic instruments</b>	<p>Examine use of economic instruments in OECD countries.</p>	<p>Ongoing participation in international OECD working groups, conferences and workshops examining the potential role for economic instruments in the integration of environmental and economic policy objectives.</p>

Strategic Goals	Objectives	Highlights of Progress to Date
	<p>Consider options for domestic and international tradeable permit systems and related approaches for reducing greenhouse gas emissions.</p> <p>Encourage sustainability of private woodlots, brownfield redevelopment and habitat protection for endangered species.</p>	<p>Chaired a multi-stakeholder working group under the climate change strategy development process charged with analyzing different design options for a domestic greenhouse gases tradeable permits system.</p> <p>Participated directly and indirectly in several climate change Issue Tables as well as in a number of interdepartmental working groups on various aspects of climate change.</p> <p>Participated in CoP4 (i.e. the 4<sup>th</sup> Conference of Parties) meetings to advance the negotiations of the Kyoto Protocol.</p> <p>Consultations held with representatives of woodlot owners led to the revision of an interpretation bulletin on woodlots, which should allow them to gain access to the same tax preferences as farmers consistent with proposals made by the National Round Table on the Environment and the Economy (NRTEE).</p> <p>Meetings held with NRTEE and the financial services industry on the redevelopment of brownfields concluded that the federal government was not the most suitable government to encourage the financing of such projects. NRTEE and interested provinces and municipalities are pursuing the discussions.</p>
<p><b>Reforming legislative and regulatory frameworks</b></p>	<p>Continue to provide a policy framework conducive to environmental protection and a positive investment climate through regulatory reform and harmonization.</p>	<p>Continued working with Environment Canada on environmental harmonization and other legal and regulatory reforms relevant to environmental protection.</p> <p>Participated in interdepartmental discussions and monitored developments surrounding the <i>Canadian Environmental Protection Act</i>.</p> <p>Participated in interdepartmental discussions on species at risk.</p>
<p><b>Key Issue: Building the Future</b></p>		
<p><b>Maintaining a healthy fiscal climate</b></p>	<p>Ensure that sustainable development is reflected in the development of policies to achieve the government's agenda.</p>	<p>The federal budget is expected to be balanced, or better, for the second consecutive year in 1998–99. The last time this occurred was almost 50 years ago.</p> <p>The Debt Repayment Plan and continued economic growth will ensure that the debt-to-GDP ratio remains on a permanent downward track.</p>

Strategic Goals	Objectives	Highlights of Progress to Date
<p><b>Prospering in a knowledge-based economy</b></p>	<p>With other departments, examine the role of environmental industries in a knowledge-based economy.</p> <p>Established Canada Millennium Scholarship Foundation.</p>	<p>The 1999 budget provided an additional investment of \$200 million for the Canada Foundation for Innovation, which provides funding for public research infrastructure in targeted areas, including the environment; an additional \$150 million over three years for the Technology Partnerships Canada program, which supports research and development projects by environmental and other industries; \$55 million over three years for biotechnology research and development, some of which will address environmental challenges; \$60 million over five years for the 'GeoConnections' initiative, which will make critical Canadian geographic information, including environmental information, accessible as a national resource; and \$430 million over three years to the Canadian Space Agency, which plays a role in environmental monitoring and surveillance.</p> <p>Continued working with other interested departments towards the development of a targeted growth strategy for environmental industries, which would aim to support the development, commercialization and adoption of environmentally friendly technologies and know-how.</p> <p>The Canada Millennium Scholarship Foundation was established. The Foundation is an independent body that will manage an initial endowment of \$2.5 billion and provide scholarships to more than 100,000 Canadians annually, beginning in the Year 2000 (the legislation for the Foundation received Royal Assent on June 18, 1998).</p> <p>Followed the progress made by the Foundation in achieving its mandate.</p>
<p><b>Building a strong society</b></p>	<p>Ensure predictable and growing federal funding for health and social programs.</p>	<p>The 1999 budget provided an additional \$11.5 billion specifically for health care over the next five years and accelerated the progression to an equal per capita entitlement. This new funding, combined with a higher cash floor of \$12.5 billion, will result in CHST cash payments totalling \$15 billion per year by the year 2001-02 (up from the current level of \$12.5 billion).</p> <p>The budget also allocated close to \$1.4 billion over three years to improve health information systems, promote health-related research, improve health services to First Nations and enhance a number of other health programs.</p>

Strategic Goals	Objectives	Highlights of Progress to Date
	<p>With provinces, increase the child tax benefit by a further \$850 million.</p> <p>Restore confidence in the retirement income system.</p>	<p>1999 budget legislation will increase the Canada Child Tax Benefit by \$350 per child for low-income families by July 2000. Provinces are to make complementary adjustments to their programs for children in low-income families.</p> <p>Federal and provincial governments continued to review a number of other important issues to ensure that CPP keeps up with changing times.</p> <p>Decision made to ensure sustainability of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) through continued fiscal prudence rather than implementing the proposed Seniors Benefit, which could have discouraged private saving.</p>
<p><b>Ensuring that the tax system contributes to a strong economy and society</b></p>	<p>Examine the report of the Technical Committee on Business Taxation (TCBT) including any proposals relating to the environment.</p> <p>Reduce the personal income tax burden.</p>	<p>Reviewed the recommendations of the TCBT as well as reactions to the report from industry associations and provincial governments, including monitoring submissions to the House Standing Committee (nonetheless, the first priority of the government is personal tax relief).</p> <p>1998 and 1999 budgets provided \$16.5 billion in tax relief over three years.</p>
<p><b>Key Issue: Participating in the Global Economy</b></p>		
<p><b>Negotiating international environmental agreements</b></p>	<p>Contribute to the analysis of the domestic and international implications of approaches for action on climate change and reducing greenhouse gas emissions.</p>	<p>Contributed to the interdepartmental process to develop a strategy to address climate change (including direct and indirect participation in the climate change Issue Table process as well as to a number of interdepartmental working groups on various aspects of climate change).</p> <p>Participated in the Climate Change Economic Analysis Forum.</p> <p>1999 budget provided \$1.6 million for energy efficiency at the municipal level.</p>
<p><b>Negotiating international trade and investment agreements</b></p>	<p>Work with DFAIT on the relationship between trade and environment in the context of the OECD, the WTO and future trade negotiations.</p>	<p>Attended interdepartmental preparatory meetings to develop a Canadian position for meetings of the WTO Committee on Trade and Environment and the OECD Joint Committee on Trade and Environment.</p>

Strategic Goals	Objectives	Highlights of Progress to Date
	<p>Advocate strong language on the environment in the Multilateral Agreement on Investment (MAI).</p> <p>Review requests to remove tariffs that may be a disincentive to the acquisition of environmental technology products.</p>	<p>Attended the March 1999 WTO High Level Symposium on Trade and Environment to help identify environmental issues in the context of future WTO Trade and Investment negotiations.</p> <p>Continued to advocate strong language on the environment — including advocating that countries should not lower environmental standards to attract investment — in developing a Canadian position for possible WTO negotiations on investment.</p> <p>Contributed to Canadian tariff policy proposals for the APEC Early Voluntary Sector Liberalization (EVSL) initiative, which included the Environmental Goods and Services sector; attended senior officials' meetings in Asia as part of the Canadian delegation. The APEC EVSL initiative has been moved to the WTO.</p> <p>The MAI negotiations ceased in October 1998. The WTO is expected to take up investment issues in the context of future trade and investment negotiations (see above).</p> <p>Continued to undertake reviews of such requests.</p>
<p><b>Developing environmental assessment guidelines for export credit agencies</b></p>	<p>With DFAIT, and through the OECD, encourage the development of common environmental guidelines for export credit agencies.</p>	<p>Participated in international meetings in support of new measures to facilitate the greening of export credits.</p> <p>Recently reached an agreement on Environmental Information Exchange for Larger Projects relating to officially supported export credits at the OECD Export Credits Group.</p> <p>Canada continued to play a leadership role in the ongoing negotiations at the OECD towards developing a common framework for environmental assessment for export credit agencies.</p>
<p><b>Involving international financial institutions</b></p>	<p>Press the issue of sustainable development in the institutions for which the Minister of Finance has primary responsibility.</p>	<p>IMF increased its efforts to incorporate environmental concerns into its policy dialogue with member countries (in cases where environmental issues have a significant bearing on domestic or external stability, IMF-supported programs may include a reform or implementation of environmental policies necessary for the conservation and protection of the country's natural resources).</p>

Strategic Goals	Objectives	Highlights of Progress to Date
		<p>Canada was instrumental in establishing an external evaluation of the Enhanced Structural Adjustment Facility (ESAF), the IMF's lending instrument for low-income countries. The evaluation called for stronger efforts to integrate social safety nets into ESAF-supported programs to protect vulnerable groups adversely affected by reforms.</p> <p>In response to concerns expressed by Canada and other countries, the IMF adapted its recent programs with the countries most affected by the Asian financial crisis to alleviate the social costs of adjustment. This included strengthening the social safety net and encouraging a social dialogue among employers, employees and government.</p> <p>Continued monitoring of the World Bank's implementation of the Global Environmental Facility and, through the Canadian Executive Director's Office, promoting the application of appropriate environmental assessment procedures and supporting the mainstreaming of climate change issues in the development of World Bank projects. Canada has been a strong supporter of the proposed Prototype Carbon Fund (PCF), which is intended to lead the way for the development of tradeable carbon permits within the climate change framework.</p> <p>Continued promoting the development of best practices in social policy at the World Bank and encouraging the World Bank and the IMF to monitor their implementation.</p> <p>With the G-7 partners, initiated work on an enhanced debt relief package for the highly indebted poor countries to reduce unsustainable debt burdens and alleviate poverty.</p> <p>Continued monitoring of the European Bank for Reconstruction and Development's (EBRD) implementation of its environmental policies.</p>
<b>Key Issue: Greening Operations</b>		
<b>Adopting sustainable procurement practices</b>	Reduce waste by 50 per cent by 2000 by diverting material away from the waste stream through the 3R (reduce, reuse, recycle) principles.	The Department of Finance Canada is a tenant in a building 'leased to purchase' through Public Works and Government Services Canada (PWGSC). The department hired a consultant to review the building's energy and water consumption and to recommend opportunities for environmental and financial savings. The consultant's report will be completed in the fall of 1999.

Strategic Goals	Objectives	Highlights of Progress to Date
	<p>Review facilities engineering studies on energy efficiency.</p> <p>Promote departmental vehicle energy efficiency and emissions reduction, including the use of alternative fuels.</p>	<p>For Finance operations, PWGSC continued to review the existing building recycling program to determine opportunities for greater waste reduction and the merits of a full waste audit.</p> <p>To facilitate responsibility centre managers' purchase of environmentally preferred office supplies, Finance officials met with co-located merchants to encourage the promotion of these products.</p> <p>A list of all retailers selling ethanol blended fuel (E10) in the National Capital Region has been posted on the department's electronic bulletin board InfoSite to educate staff on the availability of alternative fuels.</p>
<p><b>Using effective communications to underpin the department's greening initiatives</b></p>	<p>Increase employee awareness of sustainable development and identify ways in which employees and external parties can contribute to greener operations through:</p> <ul style="list-style-type: none"> <li>• developing a communications plan;</li> <li>• maintaining and enhancing awareness and enthusiasm through periodic reports of progress and success, primarily building on the environmental information site on the intranet; and</li> <li>• exploring opportunities to co-ordinate communications with other departments.</li> </ul>	<p><b>Communication Strategy</b></p> <ul style="list-style-type: none"> <li>◆ Promoting messages:           <p>Published the department's Sustainable Development Strategy and the Federal Government Response to the 8th Report of the Standing Committee on Environment and Sustainable Development on the departmental Internet site.</p> <p>Included sustainable development messages in press releases, speeches and departmental publications where appropriate.</p> </li> <li>◆ Demonstrating leadership           <p>Highlighted Internet availability of printed documents and encouraged Internet use to reduce printing and distribution activities.</p> <p>Increased use of the Internet and 1-800 numbers by the public in obtaining information on the federal budget and other major policy announcements, and in expressing their views.</p> </li> </ul> <p><b>Enhancing Awareness and Enthusiasm</b></p> <ul style="list-style-type: none"> <li>◆ Providing information internally:           <p>Informed employees with a toolkit available on the internal InfoSite.</p> <p>Maintained a bulletin board on InfoSite with a section dedicated to greening information and initiatives for employees.</p> </li> </ul>



Strategic Goals	Objectives	Highlights of Progress to Date
		<p>◆ Enhancing awareness externally:</p> <p>Encouraged use of the Internet as a cost-effective, timely and environmentally sensitive means of consulting and communicating with Canadians.</p> <p>Current printed publications promote the use of recycled paper and Internet availability.</p> <p><b>Interdepartmental Communication</b></p> <p>Participation in interdepartmental communications meetings to review memoranda to Cabinet on sustainable development.</p>

## Regulatory Initiatives

Purpose of Legislative or Regulatory Initiative	Expected Results	Performance Measurement Criteria	Results Achieved
<p><i>Special Import Measures Act, Canadian International Trade Tribunal Act</i> and related rules and regulations: <i>An Act to amend the Special Import Measures Act and the Canadian International Trade Tribunal Act</i> (S.C. 1999, c. 12) – revises Canadian anti-dumping and countervailing duty legislation following a parliamentary review.</p>	<p>Will provide enhanced systemic efficiency/ transparency of the Canadian trade remedies systems while ensuring that it effectively balances the needs of Canadian industry in a manner consistent with Canada's international rights and obligations.</p>		<p>The legislation received Royal Assent on March 25, 1999, and is expected to enter into force in the fall of 1999, pending completion of the related rules and regulations.</p>
<p><i>Customs Tariff</i>. The <i>Customs Tariff</i> contains a number of provisions that allow the government to respond, on an ongoing basis, to the competitive needs of Canadian industry and to implement Canada's rights and obligations in accordance with international agreements and arrangements to which Canada is a party.</p>	<p>Will, as required, through the use of regulations and other Orders, respond to the competitive needs of Canadian industry and implement Canada's rights and obligations under international agreements and arrangements.</p>		<p>During the 1998–99 review period, the department reviewed various requests for duty relief on imported goods. The government, primarily to address the competitive interests of Canadian business, approved 34 Orders.</p>
<p>Technical amendments to the <i>Customs Tariff</i> (S.C.1997, c.36): The new simplified <i>Customs Tariff</i> was implemented on January 1, 1998. The purpose of the simplification initiative was to ensure that the <i>Customs Tariff</i> and related regulations were responsive to the competitive pressures facing Canadian industry as a result of freer trade, especially in the North American market, and to make the tariff system simpler, more transparent and predictable.</p>	<p>The technical amendments will ensure that the policy intent of the simplified <i>Customs Tariff</i> reflects that of the former legislation and provides for the correction of minor technical errors.</p>		<p>During the 1998–99 review period, six technical amendment Orders were passed to ensure policy consistency with the former <i>Tariff</i> and to correct minor technical errors resulting from the <i>Tariff</i> simplification exercise.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p>Changes to tariff policy were not contemplated during this exercise.</p> <p>The new <i>Tariff</i> contains a provision that allows for technical amendments to the <i>Customs Tariff</i> Schedule as may be required as a result of the simplification exercise itself. Specifically, this temporary provision recognizes that the vast number of changes to the <i>Tariff</i>, which resulted from the simplification exercise, may have resulted in unintended policy changes and/or minor technical errors. This provision, which expires on December 31, 2000, is used to correct such unintended changes.</p>			
<p><i>Bank Act</i> – Bill C-67 – and related regulations – required to enable foreign banks to conduct activities in Canada directly through a full-service or lending branch operation.</p>	<p>Will allow foreign banks to branch directly into Canada, in addition to subsidiaries.</p> <p>Will help maintain a healthy foreign bank presence in Canada by making their operations more cost effective.</p> <p>Will reduce the regulatory burden for foreign banks that do not wish to take retail deposits in Canada.</p>	<p>To be demonstrated by the extent to which foreign banks make use of the new regime and establish branch operations in Canada.</p>	<p>Legislation and related regulations to implement the regime came into force on June 28, 1999.</p> <p>The Office of the Superintendent of Financial Institutions is now accepting applications from foreign banks that wish to establish branch operations in Canada.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Insurance Companies Act – Bill C-59 – Mutual Company (Life Insurance) Conversion Regulations and Converted Company Ownership Regulations</i> – required to implement a new demutualization regime to enable all federally incorporated mutual life insurance companies to convert to stock insurance companies.</p>	<p>Will give all federally incorporated mutual life insurance companies the flexibility to pursue a stock company structure and thereby gain access to more sources of capital.</p>	<p>To be demonstrated by the extent to which Canada’s mutual life insurance companies, with the approval of their policyholders, opt to convert to stock companies under the new regime.</p>	<p>Legislation and regulations to implement the regime came into force on March 12, 1999.</p> <p>Canada’s four largest mutual life insurance companies have indicated their intention to pursue demutualization; two companies have completed their conversions and the remaining two are at various stages in the demutualization process.</p>
<p>Amendments to the <i>Proceeds of Crime (Money Laundering) Regulations</i> – regulatory changes are required in order to respond to the compliance experience of the regulated sectors, changing money laundering practices and international anti-money-laundering standards.</p>	<p>Will streamline record-keeping and client identification requirements to reduce regulatory burden and respond to technological changes affecting the delivery of financial services.</p> <p>Will expand coverage to include casino operations.</p>	<p>To be demonstrated by fewer compliance issues being raised by industry without compromising the purpose of the regulation.</p> <p>To be demonstrated by a greater level of conformity with international anti-money-laundering standards.</p>	<p>Amendments to the regulations came into force on October 16, 1998.</p>
<p><i>Canada Pension Plan Investment Board Act Regulations</i> – Regulations respecting the investments and activities of the newly created Canada Pension Plan Investment Board (CPPIB).</p>	<p>Will subject the newly created CPPIB to broadly the same investment regulations as other public and private pension funds that are subject to the <i>Pension Benefits Standards Act</i>.</p>	<p>Approval and implementation of regulations.</p>	<p><i>Canada Pension Plan Investment Board Act</i> regulations were approved by federal Order in Council in April 1999.</p> <p>The CPPIB published its first annual report in June 1999.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
	<p>Will specify additional information and policies that the Board must include in its annual report (i.e. beyond what is already required by the <i>Canada Pension Plan Investment Board Act</i>).</p> <p>Will provide for limited provincial access to the Board's funds at market rates and ensure that the Board's domestic equity investments are selected passively to mirror broad market indexes.</p>		
<p><i>Canada Pension Plan Regulations</i> – Regulations specifying how the Chief Actuary is to calculate CPP 'steady-state' rates in triennial actuarial reports.</p>	<p>Will set out a method for the Chief Actuary to calculate 'steady-state' contribution rates – these rates will guide federal and provincial governments in setting CPP contribution rates and could take effect if governments cannot agree in future on what the contribution rates should be.</p>		<p>Passage of regulations in December 1998.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Federal-Provincial Fiscal Arrangements Act</i> and regulations pursuant to the Act.</p>	<p>Will renew the Equalization program.</p> <p>Will improve measurement of fiscal disparities among provinces.</p>	<p>Successful completion of technical analysis and of consultations with provinces.</p> <p>Passage of legislation renewing the authority for the Equalization program.</p> <p>Successful passage of the regulations governing the program.</p>	<p>Legislation passed amending the <i>Federal-Provincial Arrangements Act</i> and renewing Equalization. (See Section III, Accomplishments of Equalization).</p> <p>Passage of new regulations governing the program expected in the fall of 1999.</p>
<p><i>Excise Tax Act – Federal Book Rebate (GST/HST) Regulations – Amendments</i> to prescribe additional organizations eligible to receive the 100-per-cent federal rebate of the GST or the federal component of the HST on certain reading materials and audio recordings of printed books have been made. The additional rebate recipients are organizations whose primary purpose is the promotion of literacy.</p>	<p>Broadens federal support for literacy.</p>	<p>Relieves the GST on books purchased by qualifying organizations.</p>	<p>Amended regulations published in July 1998.</p>
<p><i>Excise Tax Act – Games of Chance (GST) Regulations – Special rules</i> for determining the net tax remittances under the GST/HST of provincial gaming authorities have been codified. In addition, amendments to the rules have been made to reflect changes in the gaming industry and address specific industry and government concerns.</p>	<p>Provides greater certainty and clarity in the GST treatment of games of chance, and reflects changes in the gaming industry.</p>	<p>Greater certainty and more appropriate treatment of the industry.</p>	<p>Amended regulations published in September 1998.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<i>Income Tax Regulations</i> – 1994 budget – Amendments to the Regulations relating to securities held by financial institutions and tax shelters are still required.	Will make the necessary changes to the <i>Income Tax Regulations</i> to implement the proposed budget measures.		Draft regulations were released in 1994 for tax shelters, and in 1995 for securities held by financial institutions. Both are awaiting passage.
<i>Income Tax Regulations</i> – 1995 budget – Amendments relating to scientific research and experimental development, fiscal periods of certain businesses, the Canadian film and video production tax credit, and source deductions.	Will make the necessary changes to the <i>Income Tax Regulations</i> to implement the proposed budget measures.		These regulations are in process. Draft regulations were issued in 1998 relating to scientific research and experimental development.
<i>Income Tax Regulations</i> – Reporting Requirements – Mutual Fund Reorganizations – Subsection 230(3) will be amended to add an exception where the redemption, acquisition or cancellation occurs in the course of a mutual fund reorganization under the new section 132.2 of the <i>Income Tax Act</i> .	Will reduce the administrative burden of a mutual fund reorganization.		Regulatory amendment is in process.

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Income Tax Regulations</i> – Branch Tax Investment Allowance – Partnerships – Part XIV of the <i>Income Tax Act</i> imposes an additional tax on non-resident corporations that carry on business in Canada. In computing its Part XIV tax base, a corporation may deduct an amount (its ‘investment allowance’) in respect of its investments in Canada. The investment allowance, computed under Part VIII of the <i>Income Tax Regulations</i>, includes certain of the corporation’s liquid assets. Regulation 808(3) was amended in 1993 to clarify that only those liquid assets that are attributable to a corporation’s Canadian business profits, or that are used or held in the course of a Canadian business, are included. A parallel change to Regulation 808(6) is required for corporations that carry on business in Canada as members of partnerships.</p>	<p>Will make the calculation of the investment allowance for non-resident corporations that carry on business in Canada in partnership consistent with the calculation of that amount for non-resident corporations that carry on business directly and not in partnership.</p>		<p>These amendments, along with others needed to accommodate foreign branch banking, are in process.</p>
<p><i>Income Tax Regulations</i> – Changes in Residence – Amendments to the <i>Income Tax Act</i> enacted in 1994 revised the tax rules that apply when taxpayers, including corporations, become or cease to be resident in Canada. Such taxpayers have certain elections available to them, the timing and manner of which Part XIII of the Regulations used to describe. Under the revised rules, the details of the elections are provided in the Act itself. Part XIII of the Regulations is, therefore, superfluous and can be repealed.</p>	<p>Will make consequential amendments to the <i>Income Tax Regulations</i> required as a result of amendments to the <i>Income Tax Act</i>.</p>		<p>Additional proposed amendments to the Act in respect of taxpayer migration have postponed these amendments to the relevant Regulations, which will be proceeded with once the amendments to the <i>Income Tax Act</i> are legislated.</p>



<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Income Tax Regulations – Tax Shelter Identification Numbers –</i> On April 26, 1995, draft amendments to the <i>Income Tax Act</i> were released amending section 237.1 and introducing section 143.2. Both changes deal with tax shelters. Consequential amendments to the <i>Income Tax Regulations</i> are required to define prescribed benefits for the purposes of the tax shelter identification rules in section 237.1 of the Act.</p>	<p>Will make consequential amendments to the <i>Income Tax Regulations</i> required as a result of amendments to the <i>Income Tax Act</i>.</p>		<p>These amendments are awaiting final approval.</p>
<p><i>Income Tax Regulations – Retirement Savings –</i> Technical amendments are required to parts LXXXIII and LXXXV relating to registered pension plans. In addition, amendments may be required to other regulations relating to retirement savings.</p>	<p>Will refine the operation of the rules relating to registered pension plans.</p>		<p>Amendments to the Regulations to implement the 1995, 1996 and 1997 budget measures relating to retirement savings have been passed.</p>
<p><i>Income Tax Regulations – 1996 budget –</i> Amendments relating to the resource allowance, Labour-Sponsored Venture Capital Corporations, flow-through shares, energy conservation and deferred income plans are required.</p>	<p>Will make the necessary changes to the <i>Income Tax Regulations</i> to implement the income tax measures in the 1996 budget.</p>		<p>Amendments to the Regulations relating to resource allowance, Labour-Sponsored Venture Capital Corporations, flow-through shares, and deferred income plans have been passed.</p>
<p><i>Income Tax Regulations – Insurance Reserves –</i> Amendments are required to implement changes to the rules under which an insurer's reserves are calculated pursuant to the October 7, 1996, announcement by the Minister of Finance.</p>	<p>Will provide a better measure of an insurance company's income by replacing, for insurance policies issued after 1995, the current reserve rules with reserve rules similar to those adopted for regulatory and accounting purposes.</p>		<p>These amendments are awaiting passage.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
	Will reduce the current system's reliance on capital taxes to raise revenue from insurers.		
<i>Income Tax Act – Income Tax Regulations – Segregated Fund Policies and the Foreign Property Limit – Amendments are required to implement changes announced by the Minister of Finance on December 19, 1996, regarding the tax treatment of segregated fund trusts (which are trusts deemed to exist in respect of segregated fund policies for tax purposes) that will make them subject to the 20-percent foreign property limit in Part XI of the <i>Income Tax Act</i>.</i>	Will make the tax treatment of segregated fund trusts more consistent with the tax treatment of mutual fund trusts.		The implementation date of these amendments has been delayed so that the foreign property rules will start applying to segregated funds after December 2000.
<i>Income Tax Act – Income Tax Regulations – Escalating Interest Debt Obligations – In 1993, the Department of Finance Canada circulated to various financial institutions a proposal to change how the interest accrual rules apply to debt obligations with escalating interest rates – exempting debt obligations with mildly escalating interest rates from the usual yield-to-maturity accrual provisions. On October 25, 1996, the department confirmed that it intends to go ahead with this proposal, which will require amendments to the Act and Part LXX of the Regulations.</i>	Will eliminate the administrative and marketing difficulties issuers of such obligations have had as a result of being forced to report interest on a yield-to-maturity accrual basis.		These amendments are in process.

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Income Tax Regulations – Prescribed Federal Crown Corporations – Section 7100 of the Regulations lists federal Crown corporations that are subject to tax under the <i>Income Tax Act</i>. That section will be updated to remove from the list any corporation that is no longer a Crown corporation, and to add any other Crown corporations that ought, because of their competition with taxable corporations, to be subject to tax.</i></p>	<p>Will maintain the comparable treatment of Crown corporations and their taxable competitors.</p>		<p>These amendments are in process.</p>
<p><i>Income Tax Regulations – Multinational Insurance Companies – In September of 1997, the Minister of Finance announced changes to the tax treatment of insurers that carry on business both inside and outside of Canada. The income of such an insurer is subject to Canadian tax only to the extent that it arises from the Canadian portion of an insurance business. The mechanism, known as the Canadian Investment Fund, or CIF, by which the Canadian portion of an insurer’s income from an insurance business is computed, requires amendment.</i></p>	<p>Will provide a better approximation of an insurer’s income from its Canadian insurance businesses.</p> <p>Will reduce the current system’s reliance on capital taxes to raise revenue from insurers.</p>		<p>These amendments are awaiting final approval.</p>
<p><i>Income Tax Act – Income Tax Regulations – Impaired Loans – Amendments are required to implement changes announced by the Minister of Finance on November 14, 1997, regarding the income tax treatment of impaired loans held by financial institutions and other taxpayers in the business of lending money.</i></p>	<p>Will harmonize the tax treatment of impaired loans with the accounting treatment.</p> <p>Will reduce the compliance burden in respect of impaired loans and lead to more equitable treatment of taxpayers under the <i>Income Tax Act</i>.</p>		<p>These amendments have been passed.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Income Tax Act – Income Tax Regulations – Bill C-28 – In December 1997, the government tabled a bill containing amendments to the <i>Income Tax Act</i> that were either formerly contained in Bill C-69 or announced in the 1997 budget. These amendments will also require that a number of consequential amendments be made to the <i>Income Tax Regulations</i>.</i></p>	<p>Will make the necessary changes to the <i>Income Tax Act</i> and <i>Income Tax Regulations</i> to implement the amendments that were formerly contained in Bill C-69.</p> <p>Will make the necessary changes to the <i>Income Tax Act</i> and <i>Income Tax Regulations</i> to implement the income tax measures in the 1997 budget.</p>		<p>Bill C-28 received Royal Assent on June 18, 1998.</p> <p>Amendments to the Regulations to implement the 1995, 1996 and 1997 budget measures relating to retirement savings, including introduction of the pension adjustment reversal (PAR), have been passed.</p>
<p><i>Income Tax Act – Income Tax Regulations – 1998 budget – On February 24, 1998, the Minister of Finance presented the government’s budget for 1998. The budget contained a number of income tax measures that may require that amendments be made to either the <i>Income Tax Act</i> or the <i>Income Tax Regulations</i> or both.</i></p>	<p>Will make the necessary changes to the <i>Income Tax Act</i> and <i>Income Tax Regulations</i> to implement the income tax measures proposed in the 1998 budget, if any.</p>		<p>Enactment of the <i>Income Tax Act</i> measures in the 1998 budget was completed on June 17, 1999, (Bill C-72).</p> <p>Amendments to prescribe investments that may be held by registered education savings plan trusts are in process. They were released in draft form in 1998.</p>

<b>Purpose of Legislative or Regulatory Initiative</b>	<b>Expected Results</b>	<b>Performance Measurement Criteria</b>	<b>Results Achieved</b>
<p><i>Income Tax Act – Income Tax Regulations – Other – Other amendments to the Income Tax Act and Income Tax Regulations will be required from time to time to resolve technical problems, to clarify uncertainties, to implement tax policy changes (including any changes announced by press release), to respond to court decisions, to reflect or respond to statutory changes (including those made as a result of statute revisions), to improve wording, to improve organization, to revise numbering and to implement adjustments that can occur annually, such as changes to the list of prescribed drought regions and changes to the prescribed limits for automobile expenses.</i></p>			<p>The Regulations have been amended:</p> <ul style="list-style-type: none"> <li>to add a number of institutions to the list of financial institutions prescribed for the purposes of the Part I.3 “Large Corporations” Tax;</li> <li>to expand the list of eligible investments for deferred income plans;</li> <li>to extend the circumstances in which capital gains treatment can be elected in respect of Canadian securities; and</li> <li>to implement technical changes relating to the tax treatment of venture capital corporations, including Labour-Sponsored Venture Capital Corporations.</li> </ul> <p>Amendments are in process to add additional foreign exchanges to the list of prescribed stock exchanges, as previously announced, and to update the Regulations to reflect recent statutory changes.</p>

## Section V: Financial Performance

### Financial Performance Overview

This section provides a summary of the Department of Finance Canada's financial performance, which is reported against three separate programs and eight business lines in accordance with the approved Planning, Reporting and Accountability Structure.

The tables included in this section show a comparison of three amounts: Planned, Total Authorities and Actual. The Planned column is the amount included in the department's Report on Plans and Priorities for 1998–99 and represents what the plan was at the beginning of the year. Total Authorities include Main, Supplementary and other Estimate amounts approved by Parliament to reflect changing priorities and unforeseen events. Actual shows what was actually spent.

The following Financial Tables apply to the Department of Finance Canada:

- Table 1: Summary of Voted Appropriations
- Table 2: Comparison of Total Planned to Actual Spending
- Table 3: Historical Comparison of Total Planned to Actual Spending
- Table 5: Resource Requirements by Organization and Business Line
- Table 6: Respendable Revenues
- Table 7: Non-Respendable Revenues
- Table 8: Statutory Payments
- Table 9: Transfer Payments
- Table 13: Loans, Investments and Advances
- Table 15: Contingent Liabilities

## Financial Table 1: Summary of Voted Appropriations

### Authorities for 1998–99

#### Financial Requirements by Authority (millions of dollars)

Vote		1998–99 Planned Spending	1998–99 Total Authorities	1998–99 Actual
<b>Economic, Social and Financial Policies Program</b>				
1	Program expenditures	70.8	77.1	<b>66.3</b>
5	Grants and contributions	281.2	281.2	<b>268.6</b>
(S)	Canada Millennium Scholarship Foundation	–	2,500.0	<b>2,500.0</b>
(S)	Minister of Finance - Salary and motor car allowance <sup>1</sup>	0.0	0.0	<b>0.0</b>
(S)	Payments to International Development Association	267.0	267.0	<b>267.0</b>
(S)	Payments to the International Monetary Fund's Enhanced Structural Adjustment Facility	50.2	296.3	<b>98.8</b>
(S)	Contributions to employee benefit plans	8.7	9.1	<b>9.1</b>
(S)	Purchase of Domestic Coinage	38.0	59.7	<b>59.7</b>
(S)	Payments of liabilities previously transferred to revenues	–	1.1	<b>1.1</b>
(S)	Refunds of amounts credited to revenues in previous years <sup>2</sup>	–	0.0	<b>0.0</b>
(S)	Spending of proceeds from the disposal of surplus Crown assets <sup>3</sup>	–	0.0	–
(S)	Adjustment to the Accounts of Canada	–	53.7	<b>53.7</b>
(S)	Payments to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank pursuant to the <i>Financial Institutions Depositors Compensation Act</i>	–	69.0	<b>0.4</b>
<b>Total Budgetary</b>		<b>716.0</b>	<b>3,614.3</b>	<b>3,324.8</b>
L10	Issuance of demand notes to the International Development Association	–	195.2	<b>195.2</b>
(S)	Payments to the European Bank for Reconstruction and Development	9.1	7.0	<b>7.0</b>
(S)	Issuance of Loans to the International Monetary Fund's Enhanced Structural Adjustment Facility	119.0	298.1	<b>50.9</b>
(S)	Advances for loans to, or purchase of, preferred shares in Petro-Canada Limited pursuant to the <i>Petro-Canada Limited Act</i>	–	27.2	–
(S)	Subscriptions for common shares of Petro-Canada Limited pursuant to the <i>Petro-Canada Limited Act</i>	–	1,573.6	–
L25	Payments in respect of Canada's equity interest in the Hibernia Project	12.0	12.0	<b>11.7</b>
L11a	Issuance of a demand note to the European Bank for Reconstruction and Development	–	7.3	–

The following figures are in dollars.

<sup>1</sup> Planned Spending: \$48,645; Total Authorities: \$49,978; Actual: \$49,978

<sup>2</sup> Total Authorities: \$25,300; Actual: \$25,300

<sup>3</sup> Total Authorities: \$28,886

## Financial Table 1: Summary of Voted Appropriations (cont'd)

### Authorities for 1998–99

#### Financial Requirements by Authority (millions of dollars)

Vote		1998–99 Planned Spending	1998–99 Total Authorities	1998–99 Actual
L11b	Payment to the European Bank for Reconstruction and Development	–	9.1	–
(S)	Financial assistance to the Bank of Thailand	–	598.4	598.4
(S)	Payment to the Canadian Commercial Bank pursuant to the <i>Canadian Commercial Bank Financial Assistance Act</i>	–	2.0	–
	<b>Total Non-Budgetary</b>	<b>140.1</b>	<b>2,729.8</b>	<b>863.1</b>
	<b>Total Program</b>	<b>856.0</b>	<b>6,344.1</b>	<b>4,187.9</b>
	<b>Public Debt Program</b>			
(S)	Interest and Other Costs	43,500.0	44,831.7	44,831.7
	<b>Total Program</b>	<b>43,500.0</b>	<b>44,831.7</b>	<b>44,831.7</b>
	<b>Federal-Provincial Transfers Program</b>			
15	Transfer Payments to the Territorial Governments	1,134.0	1,339.0	1,324.7
20	Grant to the Province of Newfoundland and Labrador	40.0	40.0	40.0
(S)	Statutory Subsidies	30.0	29.9	29.9
(S)	Fiscal Equalization	8,482.0	10,766.4	10,766.4
(S)	Canada Health and Social Transfer*	12,500.0	12,733.6	12,733.6
(S)	Youth Allowances Recovery	(494.0)	(476.5)	(476.5)
(S)	Alternative Payments for Standing Programs	(2,241.0)	(2,149.7)	(2,149.7)
(S)	Public Utilities Income Tax Transfer	–	3.3	3.3
	<b>Total Program</b>	<b>19,451.0</b>	<b>22,285.9</b>	<b>22,271.7</b>
	<b>Total Department</b>	<b>63,807.0</b>	<b>73,461.7</b>	<b>71,291.3</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

\* Amounts shown are the cash contribution authorized by Part V of the *Federal-Provincial Fiscal Arrangements Act*. The following figures show the total federal contribution in respect of the Canada Health and Social Transfer (CHST) including the tax portion of the transfer:

Cash Transfer	\$12.7 billion
Plus Tax Transfers	<u>\$13.5 billion</u>
Total	\$26.2 billion



## Financial Table 2: Comparison of Total Planned to Actual Spending

### Departmental Planned versus Actual Spending by Business Line (millions of dollars)

Business Line	FTEs	Operating <sup>1</sup>	Grants, Contributions and Other Transfer Payments	Statutory Payments	Loans, Investments and Advances	Total Gross Expenditures	Less: Responsible Revenue *	Total Net Expenditures
<b>Policies and Advice</b>	491	48.0				48.0	0.7	47.3
<i>(Total Authorities)</i>	<i>476</i>	<i>51.7</i>				<i>51.7</i>	<i>0.7</i>	<i>51.0</i>
<b>(Actuals)</b>	<b>423</b>	<b>47.6</b>				<b>47.6</b>	<b>0.6</b>	<b>47.0</b>
<b>Int'l Financial Organizations</b>			281.2	445.3		726.5		726.5
<i>(Total Authorities)</i>			<i>281.2</i>	<i>1,466.6</i>	<i>211.5</i>	<i>1,959.4</i>		<i>1,959.4</i>
<b>(Actuals)</b>			<b>268.6</b>	<b>1,022.0</b>	<b>195.2</b>	<b>1,485.8</b>		<b>1,485.8</b>
<b>Domestic Coinage</b>				38.0		38.0		38.0
<i>(Total Authorities)</i>				<i>59.7</i>		<i>59.7</i>		<i>59.7</i>
<b>(Actuals)</b>				<b>59.7</b>		<b>59.7</b>		<b>59.7</b>
<b>Corporate Administration<sup>2</sup></b>	215	37.2				37.2	4.9	32.3
<i>(Total Authorities)</i>	<i>217</i>	<i>40.6</i>				<i>40.6</i>	<i>5.3</i>	<i>35.2</i>
<b>(Actuals)</b>	<b>213</b>	<b>34.1</b>				<b>34.1</b>	<b>5.7</b>	<b>28.5</b>
<b>Special Projects</b>					12.0	12.0		12.0
<i>(Total Authorities)</i>				<i>4,225.6</i>	<i>12.0</i>	<i>4,237.6</i>		<i>4,237.6</i>
<b>(Actuals)</b>				<b>2,554.2</b>	<b>11.7</b>	<b>2,565.8</b>		<b>2,565.8</b>
<b>Interest and Other Costs</b>				43,359.0		43,359.0		43,359.0
<i>(Total Authorities)</i>				<i>44,694.3</i>		<i>44,694.3</i>		<i>44,694.3</i>
<b>(Actuals)</b>				<b>44,694.3</b>		<b>44,694.3</b>		<b>44,694.3</b>
<b>Canada Investment and Savings</b>				141.0		141.0		141.0
<i>(Total Authorities)</i>				<i>137.4</i>		<i>137.4</i>		<i>137.4</i>
<b>(Actuals)</b>				<b>137.4</b>		<b>137.4</b>		<b>137.4</b>
<b>Federal-Provincial Transfer Payments (cash portion)</b>			1,174.0	18,277.0		19,451.0		19,451.0
<i>(Total Authorities)</i>			<i>1,379.0</i>	<i>20,906.9</i>		<i>22,285.9</i>		<i>22,285.9</i>
<b>(Actuals)</b>			<b>1,364.7</b>	<b>20,906.9</b>		<b>22,271.7</b>		<b>22,271.7</b>
<b>Total</b>	706	85.2	1,455.2	62,260.3	12.0	63,812.7	5.6	63,807.0
<i>(Total Authorities)</i>	<i>693</i>	<i>92.3</i>	<i>1,660.2</i>	<i>71,490.5</i>	<i>223.5</i>	<i>73,466.5</i>	<i>6.0</i>	<i>73,460.5</i>
<b>(Actuals)</b>	<b>636</b>	<b>81.7</b>	<b>1,633.4</b>	<b>69,374.4</b>	<b>206.8</b>	<b>71,296.4</b>	<b>6.3</b>	<b>71,290.1<sup>3</sup></b>
<b>Other Revenues and Expenditures Non-Responsible Revenues **</b>								(99.0)
<i>(Total Authorities)</i>								
<b>(Actuals)</b>								<b>(4,174.0)<sup>4</sup></b>
<b>Cost of services provided by other departments</b>								9.0
<i>(Total Authorities)</i>								
<b>(Actuals)</b>								<b>9.2</b>
<b>Net Cost of the Program</b>								63,717.1
<i>(Total Authorities)</i>								<i>73,460.5</i>
<b>(Actuals)</b>								<b>67,125.3</b>

Note: Numbers in regular font denote planned expenditures/revenues for 1998–99.  
*Numbers in italics* denote Total Authorities for 1998–99 (Main and Supplementary Estimates and other authorities).  
**Bolded numbers** denote actual expenditures/revenues in 1998–99.  
**Due to rounding, figures may not add to totals shown.**

\* These revenues were formerly called 'Revenues Credited to the Vote'  
 \*\* These revenues were formerly called 'Revenues Credited to the CRF'

- <sup>1</sup> Operating includes contributions to employee benefit plans and Minister's salary and car allowance.
- <sup>2</sup> Total Authorities and Actual Corporate Administration expenditures exclude an amount of \$1.2 million for statutory items.
- <sup>3</sup> Actual expenditures were approximately \$7.4 billion higher than planned. This can be attributed, primarily, to higher than anticipated transfer payments of \$2.8 billion, payment to the Canada Millennium Scholarship Foundation of \$2.5 billion, higher than anticipated public debt interest costs of \$1.3 billion and higher than expected costs in International Financial Organizations of \$0.8 billion.
- <sup>4</sup> Revenues consist of Bank of Canada and Exchange Fund profits, proceeds from sales of Domestic Coinage and other related revenue items.

### Financial Table 3: Historical Comparison of Total Planned to Actual Spending

#### Departmental Planned versus Actual Spending by Business Line (millions of dollars)

Business Lines	1996-97	1997-98	1998-99	1998-99	1998-99
	Actual	Actual	Planned Spending	Total Authorities	Actual
Policies and Advice	33.6	40.1	47.3	51.0	47.0
International Financial Organizations	937.3	836.3	726.5	1,959.4	1,485.8
Domestic Coinage	69.8	29.8	38.0	59.7	59.7
Corporate Administration	24.2	24.9	32.3	35.2 <sup>1</sup>	28.5 <sup>2</sup>
Special Projects	1,015.5	53.9	12.0	4,237.6	2,565.8
Interest and Other Costs	45,157.0	43,844.1	43,359.0	44,694.3	44,694.3
Canada Investment and Savings	26.8	126.6	141.0	137.4	137.4
Federal-Provincial Transfer Payments (cash portion)	22,408.8	19,731.7	19,451.0	22,285.9	22,271.7
<b>Total</b>	<b>69,673.0</b>	<b>64,687.4</b>	<b>63,807.0</b>	<b>73,460.5</b>	<b>71,290.1</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

<sup>1</sup> Total Authorities exclude \$1.2 million for statutory items, primarily for the payment of liabilities previously transferred to revenues, which are reported in Public Accounts, giving a total of \$36.4 million for this business line.

<sup>2</sup> Total Actuals exclude \$1.2 million for statutory items, primarily for the payment of liabilities previously transferred to revenues, which are reported in Public Accounts, giving a total of \$29.7 million for this business line.

### Financial Table 4: Crosswalk Between Old Structure and New Structure

Table 4 is not applicable to the Department of Finance Canada.

## Financial Table 5: Resource Requirements by Organization and Business Line

Comparison of 1998–99 Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line (millions of dollars)

Organization	Business Lines								TOTAL
	Policies and Advice	Int'l Financial Organizations	Domestic Coinage	Corporate Administration	Special Projects	Interest and Other Costs	Canada Investment & Savings	Fed-Prov Transfer Payments	
<b>Economic &amp; Fiscal Policy</b>	7.1				12.0				19.1
<i>(Total Authorities)</i>	7.4				4,237.6				4,245.1
<b>(Actuals)</b>	<b>6.7</b>				<b>2,565.8</b>				<b>2,572.5</b>
<b>Int'l Trade &amp; Finance</b>	8.5	726.5							735.0
<i>(Total Authorities)</i>	10.9	1,959.4							1,970.3
<b>(Actuals)</b>	<b>10.0</b>	<b>1,485.8</b>							<b>1,495.8</b>
<b>Tax Policy</b>	13.9								13.9
<i>(Total Authorities)</i>	14.3								14.3
<b>(Actuals)</b>	<b>13.4</b>								<b>13.4</b>
<b>Financial Sector Policy</b>	8.0		38.0			43,359.0			43,405.0
<i>(Total Authorities)</i>	8.2		59.7			44,694.3			44,762.1
<b>(Actuals)</b>	<b>8.6</b>		<b>59.7</b>			<b>44,694.3</b>			<b>44,762.5</b>
<b>Fed-Prov Relations &amp; Social Policy</b>	5.4							19,451.0	19,456.4
<i>(Total Authorities)</i>	5.6							22,285.9	22,291.6
<b>(Actuals)</b>	<b>4.7</b>							<b>22,271.7</b>	<b>22,276.4</b>
<b>Econ. Develop. &amp; Corp. Fin.</b>	4.4								4.4
<i>(Total Authorities)</i>	4.6								4.6
<b>(Actuals)</b>	<b>3.6</b>								<b>3.6</b>
<b>Consultations &amp; Communications</b>				15.7					15.7
<i>(Total Authorities)</i>				15.7					15.7
<b>(Actuals)</b>				<b>6.1</b>					<b>6.1</b>
<b>Law Branch</b>				1.5					1.5
<i>(Total Authorities)</i>				1.5					1.5
<b>(Actuals)</b>				<b>1.4</b>					<b>1.4</b>
<b>Management<sup>1</sup></b>				4.1					4.1
<i>(Total Authorities)</i>				4.3					4.3
<b>(Actuals)</b>				<b>5.0</b>					<b>5.0</b>
<b>Corporate Services</b>				11.0					11.0
<i>(Total Authorities)</i>				13.7					13.7
<b>(Actuals)</b>				<b>16.0</b>					<b>16.0</b>
<b>Canada Investment &amp; Savings</b>							141.0		141.0
<i>(Total Authorities)</i>							137.4		137.4
<b>(Actuals)</b>							<b>137.4</b>		<b>137.4</b>
<b>TOTALS</b>	47.3	726.5	38.0	32.3	12.0	43,359.0	141.0	19,451.0	63,807.0
<i>(Total Authorities)</i>	51.0	1,959.4	59.7	35.2 <sup>2</sup>	4,237.6	44,694.3	137.4	22,285.9	73,460.5
<b>(Actuals)</b>	<b>47.0</b>	<b>1,485.8</b>	<b>59.7</b>	<b>28.5<sup>3</sup></b>	<b>2,565.8</b>	<b>44,694.3</b>	<b>137.4</b>	<b>22,271.7</b>	<b>71,290.1</b>
<b>% of TOTAL</b>	<b>0.1%</b>	<b>2.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>3.6%</b>	<b>62.7%</b>	<b>0.2%</b>	<b>31.2%</b>	

Note: Numbers in regular font denote planned expenditures/revenues for 1998–99.  
*Numbers in italics* denote Total Authorities for 1998–99 (Main and Supplementary Estimates and other authorities).  
**Bolded numbers** denote actual expenditures/revenues in 1998–99.  
**Due to rounding, figures may not add to totals shown.**

<sup>1</sup> Accountability for 'Management' includes the offices of the Minister, Secretary of State, Deputy Minister, and Associate Deputy Ministers.

<sup>2</sup> Total Authorities exclude \$1.2 million for statutory items, primarily for the payment of liabilities previously transferred to revenues, which are reported in Public Accounts, giving a total of \$36.4 million for this business line.

<sup>3</sup> Total Actuals exclude \$1.2 million for statutory items, primarily for the payment of liabilities previously transferred to revenues, which are reported in Public Accounts, giving a total of \$29.7 million for this business line.

## Financial Table 6: Respendable Revenues

### Respendable Revenues by Business Line (millions of dollars)

	1996-97	1997-98	1998-99	1998-99	1998-99
Business Lines	Actual	Actual	Planned Revenues	Total Authorities	Actual
Corporate Administration	5.1	6.9	4.9	5.3	5.7
Policies and Advice	–	0.6	0.7	0.7	0.6
<b>Total Respendable Revenues *</b>	<b>5.1</b>	<b>7.5</b>	<b>5.6</b>	<b>6.0</b>	<b>6.3</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

\* These revenues were formerly called 'Revenues Credited to the Vote'.

## Financial Table 7: Non-Respendable Revenues

### Non-Respendable Revenues by Program<sup>1</sup> (millions of dollars)

	1996-97	1997-98	1998-99	1998-99	1998-99
Program	Actual	Actual	Planned Revenues	Total Authorities	Actual
Economic, Social and Financial Policies Program <sup>2</sup>	3,726.4	3,694.0	–	–	4,169.0
Public Debt Program	1.9	3.0	–	–	5.0
<b>Total Non-Respendable Revenues *</b>	<b>3,728.3</b>	<b>3,697.0</b>	<b>–</b>	<b>–</b>	<b>4,174.0</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

\* These revenues were formerly called 'Revenues Credited to the CRF'.

<sup>1</sup> This table identifies revenues by program rather than by business line since most departmental revenues are not specifically attributable to business lines.

<sup>2</sup> Includes proceeds from sales for the Domestic Coinage business line.

## Financial Table 8: Statutory Payments

### Statutory Payments by Business Line (millions of dollars)

<b>Business Lines</b>	<b>1996-97 Actual</b>	<b>1997-98 Actual</b>	<b>1998-99 Planned Spending</b>	<b>1998-99 Total Authorities</b>	<b>1998-99 Actual</b>
<b>Budgetary</b>					
Policies and Advice	3.7	4.2	6.5	6.9	<b>6.5</b>
International Financial Organizations	233.1	221.5	317.2	563.3	<b>365.8</b>
Domestic Coinage	69.8	29.8	38.0	59.7	<b>59.7</b>
Corporate Administration	2.0	1.6	2.2	2.3	<b>2.7</b>
Special Projects	961.7	1.0	-	2,622.7	<b>2,554.2</b>
Interest and Other Costs	45,157.0	43,844.1	43,359.0	44,694.3	<b>44,694.3</b>
Canada Investment and Savings	26.8	126.6	141.0	137.4	<b>137.4</b>
Federal-Provincial Transfer Payments (cash portion)	21,237.2	18,559.6	18,277.0	20,906.9	<b>20,906.9</b>
<b>Total Budgetary</b>	<b>67,691.3</b>	<b>62,788.4</b>	<b>62,140.9</b>	<b>68,993.5</b>	<b>68,727.5</b>
<b>Non-Budgetary</b>					
International Financial Organizations	144.7	162.2	128.1	903.4	<b>656.2</b>
Special Projects	-	-	-	1,602.9	-
<b>Total Non-Budgetary</b>	<b>144.7</b>	<b>162.2</b>	<b>128.1</b>	<b>2,506.3</b>	<b>656.2</b>
<b>Total Statutory Payments</b>	<b>67,836.0</b>	<b>62,950.6</b>	<b>62,269.0</b>	<b>71,499.8</b>	<b>69,383.7</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

## Financial Table 9: Transfer Payments

### Transfer Payments by Business Line (millions of dollars)

Business Lines	1996-97 Actual	1997-98 Actual	1998-99 Planned Spending	1998-99 Total Authorities	1998-99 Actual
<b>Grants</b>					
International Financial Organizations	333.6	208.0	110.2	281.2	<b>268.6</b>
Federal-Provincial Transfer Payments (cash portion)	50.0	40.0	40.0	40.0	<b>40.0</b>
<b>Total Grants</b>	<b>383.6</b>	<b>248.0</b>	<b>150.2</b>	<b>321.2</b>	<b>308.6</b>
<b>Contributions</b>					
International Financial Organizations	–	–	171.0	–	–
<b>Total Contributions</b>	–	–	<b>171.0</b>	–	–
<b>Other Transfer Payments</b>					
International Financial Organizations	233.1	221.5	317.2	563.3	<b>365.8</b>
Special Projects	961.0	–	–	2,500.0	<b>2,500.0</b>
Federal-Provincial Transfer Payments (cash portion)	22,358.8	19,691.7	19,411.0	22,245.9	<b>22,231.7</b>
<b>Total Other Transfer Payments</b>	<b>23,552.9</b>	<b>19,913.2</b>	<b>19,728.2</b>	<b>25,309.2</b>	<b>25,097.5</b>
<b>Total Transfer Payments<sup>1</sup></b>	<b>23,936.5</b>	<b>20,161.2</b>	<b>20,049.4</b>	<b>25,630.4</b>	<b>25,406.1</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

<sup>1</sup> In Table 2, Transfer Payments are split between column 3 (Grants, Contributions and Other Transfer Payments) and column 4 (Statutory Payments).

## Financial Table 10: Capital Spending by Business Line

Table 10 is not applicable to the Department of Finance Canada.

## Financial Table 11: Capital Projects by Business Line

Table 11 is not applicable to the Department of Finance Canada.

## Financial Table 12: Status of Major Crown Projects

Table 12 is not applicable to the Department of Finance Canada.

## Financial Table 13: Loans, Investments and Advances

### Loans, Investments and Advances by Business Line (millions of dollars)

Business Lines	1996-97	1997-98	1998-99	1998-99	1998-99
	Actual	Actual	Planned Spending	Total Authorities	Actuals
International Financial Organizations	225.9	195.2	–	211.5	195.2
Special Projects	53.8	52.9	12.0	12.0	11.7
<b>Total</b>	<b>279.7</b>	<b>248.1</b>	<b>12.0</b>	<b>223.5</b>	<b>206.9</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

## Financial Table 14: Revolving Fund Financial Statements

Table 14 is not applicable to the Department of Finance Canada.

## Financial Table 15: Contingent Liabilities

### Contingent Liabilities (millions of dollars)

List of Contingent Liabilities	Amount of Contingent Liabilities		
	March 31, 1997	March 31, 1998	Current as of March 31, 1999
Thomas C. Assaly and Northland Bank	20.0	–	–
Quebec Government	127.0	127.0	127.0
Ainsworth Lumber	45.0	10.0	10.0
Loan guarantee MICC and GEMICO	49.2	45.4 <sup>1</sup>	147.5
Loan guarantee International Organizations	7,437.4	8,102.8	8,610.1
Loan guarantee BIS Credit Facility in favour of Brazil	–	–	235.7
<b>Total</b>	<b>7,678.6</b>	<b>8,285.2</b>	<b>9,130.3</b>

Total Authorities are Main plus Supplementary Estimates plus other authorities.

<sup>1</sup> The amount of the contingent liability reported in the 1997-98 Departmental Performance Report was understated. The amount should have been reported as \$97.4 million.

## Financial Table 16: Special Travel Policies

Table 16 is not applicable to the Department of Finance Canada.

## Section VI: Other Information

### Contacts for Further Information and Web Sites

Home Page: [www.fin.gc.ca](http://www.fin.gc.ca)

E-mail messages for:

The Minister of Finance, the Honourable Paul Martin, P.C., M.P.: [pmartin@fin.gc.ca](mailto:pmartin@fin.gc.ca)

The Secretary of State (International Financial Institutions),  
The Honourable Jim Peterson, P.C., M.P.: [jpeterson@fin.gc.ca](mailto:jpeterson@fin.gc.ca)

Comments or questions regarding the information content of the Department of Finance Canada Web site:

Consultations and Communications Branch  
Department of Finance Canada  
140 O'Connor Street, Ottawa, Ontario, Canada  
K1A 0G5  
(613) 992-1573  
[consltcomm@fin.gc.ca](mailto:consltcomm@fin.gc.ca)

Printed copies of Finance publications:

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140 O'Connor Street, Ottawa, Ontario, Canada  
K1A 0G5  
(613) 995-2855  
Fax (613) 996-0518



## Legislation Relevant to the Department of Finance Canada

<i>Air Canada Public Participation Act</i>	(R.S. 1985, c. 35, 4 <sup>th</sup> Suppl.)
<i>Bank Act</i>	(1991, c. 46, unofficial B-1.01)
<i>Bank of Canada Act</i>	(R.S.C. 1985, c. B 2)
<i>Bills of Exchange Act</i> (with the exception of Part IV)	(R.S.C. 1985, c. B-4)
<i>Bretton Woods and Related Agreements Act</i>	(R.S.C. 1985, c. B-7)
<i>Canada Deposit Insurance Corporation Act</i>	(R.S.C. 1985, c. C-3)
<i>Canada Development Corporation Reorganization Act</i>	(1985, c. 49)
<i>Canada-Newfoundland Atlantic Accord Implementation Act</i>	(S.C. 1987, c. 3)
<i>Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act,</i> Parts IV and V	(1988, c. 28)
<i>Canada Pension Plan Act</i> (ss. 109 to 113 and 115)	(R.S.C. 1985, c. C-8)
<i>Canada Pension Plan Investment Board Act</i>	(S.C. 1997, c. 40)
<i>Canada-U.S. Free Trade Agreement Implementation Act, Part II</i>	(S.C. 1988, c. 65)
<i>Canadian International Trade Tribunal Act</i>	[R.S.C. 1985, c. 47 (4 <sup>th</sup> Suppl., unofficial C-18.3)]
<i>Canadian Payments Association Act</i>	(R.S.C. 1985, c. C-21)
<i>Cooperative Credit Association Act</i>	(R.S.C. 1991, c. 48, unofficial C-41.01)
<i>Currency Act</i>	(R.S.C. 1985, c. C-52)
<i>Customs and Excise Offshore Application Act</i>	(R.S.C. 1985, c. C-53)
<i>Customs Tariff</i>	(R.S.C. 1985, c. C-54)
<i>Debt Servicing and Reduction Account Act</i>	(1992, c. 18, unofficial D-0.5)
<i>Diplomatic Service (Special) Superannuation Act</i>	(R.S.C. 1985, c. D-2)
<i>European Bank for Reconstruction and Development Agreement Act</i>	(1991, c. 12, unofficial E-13.5)
<i>Excise Tax Act</i>	(R.S.C. 1985, c. E-15)
<i>Federal-Provincial Fiscal Arrangements Act</i>	(R.S.C. 1985, c. F-8)

<i>Federal-Provincial Fiscal Revisions Act, 1964-65</i>	(1964-65, c. 26)
<i>Financial Administration Act</i> (shared with the President of the Treasury Board)	(R.S.C. 1985, c. F-11)
<i>Garnishment, Attachment and Pension Diversion Act</i> (as it relates to MPs pensions)	(R.S.C. 1985, c. G-2)
<i>Halifax Relief Commission Pension Continuation Act</i>	(S.C. 1974-75-76, c. 88)
<i>Income Tax Act</i>	[R.S.C. 1985, c. 1 (5 <sup>th</sup> Supp.)]
<i>Income Tax Conventions Interpretation Act</i>	(R.S.C. 1985, c. I-4)
<i>Insurance Companies Act</i>	(1991, c. 47, unofficial I-11.8)
<i>Interest Act</i>	(R.S.C. 1985, c. I-15)
<i>Newfoundland Additional Financial Assistance Act</i>	(R.S.C. 1985, c. N-23)
<i>Office of the Superintendent of Financial Institutions Act</i>	[R.S.C. 1985, c. 18 (3 <sup>rd</sup> Supp.), Part I, unofficial F-11.3 (Part I)]
<i>Oil Export Tax Act</i>	(S.C. 1973-74, c. 53)
<i>Payment, Clearing and Settlement Act</i>	(S.C. 1996, c. 6)
<i>Pension Benefits Standards Act</i>	(R.S.C. 1985, c. P-7)
<i>Petro-Canada Limited Act</i>	(R.S. 1985, c. P-11)
<i>Prince Edward Island Subsidy Act, 1912</i>	(S.C. 1912, c. 42; 1926-27, c. 76)
<i>Proceeds of Crime (Money Laundering) Act</i>	(S.C. 1991, c. 26)
<i>Special Import Measures Act</i>	(R.S.C. 1985, c. S-15)
<i>Supplementary Fiscal Equalization Payments 1982-87 Act</i>	(S.C. 1985, c. 29)
<i>Trust and Loan Companies Act</i>	(1991, c. 45, unofficial T-19.8)
<i>Winding-up and Restructuring Act</i>	(R.S. 1985, c. W-11)

## **Listing of Statutory and Departmental Reports**

Annual Financial Report of the Government of Canada  
and Fiscal Reference Tables

Canadian Federal Budget

Debt Management Strategy

Economic and Fiscal Update

Economy in Brief – Quarterly

Fiscal Monitor – Monthly

Government of Canada Securities – Quarterly

Government of Canada Tax Expenditures

International Fiscal Monitor

Provincial Fiscal Monitor

Report on Operations under the *Bretton Woods and Related Agreements Act*

Report on Operations under the *European Bank for Reconstruction and Development  
Agreement Act*

These reports can be accessed via the department's Web site:

[www.fin.gc.ca/access/pubse.html](http://www.fin.gc.ca/access/pubse.html)