

# Budget 2003

*“Canadians want to know what they are paying for, and they want to get what they are paying for.”*

Deputy Prime Minister  
and Minister of Finance John Manley  
2003 budget speech

## Improving Expenditure Management and Accountability

The federal government is committed to ensuring Canadians know where and how their tax dollars are being used, and that they are being spent wisely.

To that end, the Government is determined to improve the way it manages the tax dollars of Canadians by:

- systematically reviewing programs to make sure they're still answering the needs of Canadians;
- shifting resources from where they are less needed to higher-priority areas; and
- making government more transparent and accountable.

In short, the Government is committed both to managing taxpayers' dollars wisely and to giving Canadians the accountability they deserve.

## Managing Tax Dollars Wisely

### Reviewing Government Spending

There is more to sound fiscal management than avoiding deficits and reducing debt. The Government must also manage tax dollars responsibly while delivering cost-effective and efficient services.

That is why Budget 2003 announces that the Government will launch an ongoing review of all non-statutory programs to ensure they continue to be relevant, effective and affordable. Over a five-year cycle the Treasury Board will examine the programs of federal departments and agencies, guided by the following questions:

- Is the program still relevant to the needs of Canadians?
- Are the program's resources being used in the most efficient and effective way to deliver appropriate results?
- Is it necessary for the federal government to operate this program, or could it be transferred to other levels of government, or to the private or voluntary sector?
- Is there scope for considering more effective program structures and service delivery arrangements?
- Are department and agency management practices appropriate and of sufficient quality?

## Reallocating Government Spending

Last October, the Government promised to reallocate funding from lower to higher priorities.

Budget 2003 delivers on this commitment by reallocating a total of \$1 billion per year from existing spending, starting in 2003–04. The President of the Treasury Board will announce details of the reallocation by early May.

## More Transparency and Accountability

### Employment Insurance Rates

Budget 2003 sets the employment insurance (EI) employee premium rate for 2004 at \$1.98 per \$100 of insurable earnings, down from \$2.10 in 2003.

This will be the tenth consecutive annual reduction in the rate, representing annual savings for employers and employees of \$9.7 billion in 2004.

This budget also announces that the Government is beginning consultations with Canadians on a new transparent process for setting EI contribution rates for 2005 and beyond.

Building the Accountability  
Canadians Deserve

February 18, 2003

Canada



### **Air Travellers Security Charge Reduced**

Budget 2003 follows up on the Government's commitment to review the Air Travellers Security Charge to ensure revenue from the charge remains in line with the cost of the enhanced air travel security system over the next five years.

As a result of that review, and reflecting the move to full accrual accounting in this budget, the charge will be reduced to \$7 from \$12 each way for domestic flights—a reduction of more than 40 per cent.

### **Greater Accountability of Health Transfers**

To improve the transparency and accountability of federal support to provinces and territories, effective April 1, 2004, the Government will create a new Canada Health Transfer in support of health, and a new Canada Social Transfer in support of post-secondary education, social assistance and social services, including early childhood development.

The 2003 Health Accord sets out a new accountability framework that includes a commitment, facilitated by a new Health Council, to report regularly to Canadians.

### **Accountability of Foundations**

The Government will make a number of changes to improve the accountability and governance arrangements of arm's-length foundations. In combination with clarifying the policy principles underlying the use of foundations, these measures will ensure their continued effective use.

Examples of foundations created in recent years include the Canada Foundation for Innovation and Genome Canada.

### **More Comprehensive Government Accounting**

To make its accounts more comprehensive and up to date, the Government is implementing full accrual accounting starting with this budget. This responds to the recommendation of the Auditor General of Canada.

More accurate and transparent accounting will improve the Government's ability to manage its liabilities and assets. In addition, Canadians will be in a better position to hold the Government to account for its management of their tax dollars.

- All tax revenues are accounted for in the fiscal year to which they relate rather than when they are received. As a result, the Government's books for each year will provide a more accurate and timely reflection of the year's economic developments.

- Full accrual accounting recognizes the depreciation of the Government's physical assets. This will lead to improved recording of assets and encourage enhanced policies for maintaining those assets and better decisions about whether to buy, lease or sell buildings and equipment.

- There will be more complete recording of the Government's liabilities, such as the potential cost of environmental clean-ups and retirement benefits for veterans. This will encourage departments to develop better plans for managing them.

### **Improving Regulation and Investor Confidence**

Good regulations are essential to the functioning of our economy and society. The Organisation for Economic Co-operation and Development (OECD) has recognized Canada's success in this area.

Budget 2003 includes measures aimed at further promoting a healthy marketplace and strengthening investor confidence. These include:

- up to \$30 million per year to create a coordinated national program to strengthen enforcement against serious securities and corporate fraud offences; and
- support for the redesign of Canada's regulatory approach to build a Canadian advantage.

### **How Can I Get More Information on Budget 2003?**

Information is available on the Internet at [www.fin.gc.ca](http://www.fin.gc.ca).

You can also obtain copies of this brochure and other budget documents from the:

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