

Department of Finance Canada

2019–20

Departmental Plan

The Honourable William F. Morneau P.C., M.P.
Minister of Finance

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Table of contents

Minister's message	1
Plans at a glance.....	3
Planned results: what we want to achieve this year and beyond	7
Core Responsibilities	7
Economic and Fiscal Policy.....	7
Internal Services	15
Spending and human resources	17
Planned spending	17
Planned human resources.....	18
Estimates by vote.....	18
Future-Oriented Condensed Statement of Operations.....	19
Additional information	21
Corporate information.....	21
Organizational profile.....	21
Raison d'être, mandate and role: who we are and what we do	22
Reporting framework	22
Supporting information on the Program Inventory	24
Supplementary information tables	24
Federal tax expenditures	24
Organizational contact information	24
Appendix: definitions.....	25
Endnotes	29

Minister's message

I am pleased to present the 2019–20 Departmental Plan for the Department of Finance Canada. This report provides parliamentarians and Canadians with information on the various fiscal and economic policies that contribute to our shared economic and social goals and that help steer Canada toward a stronger, more sustainable and inclusive economic future. The report also provides detailed information on how the Department of Finance Canada will use its resources to contribute to a strong economy and sound public finances for Canadians, by focusing on four priority areas:



- ▶ **sound fiscal management**, to raise the revenue required to invest in the social and economic priorities of Canadians and manage that spending fairly, responsibly and efficiently
- ▶ **strong, inclusive and sustainable economic growth**, to create and develop the conditions that have already delivered some of the best economic results we have seen in a generation for Canadians, their businesses and their families
- ▶ **sound social policy framework**, to support the government's efforts to promote equality of opportunity for all citizens across the country
- ▶ **effective international engagement**, to maintain and expand Canada's leadership and engagement globally, while deepening our trading relationships

The investments the government has made in its people, communities and the economy are working. Canada's economy is strong and growing. Canada had the strongest economic growth in the G7 in 2017 and is expected to remain among the fastest-growing economies in the G7 in 2018 and 2019.

We have made considerable progress in strengthening the middle class and creating economic opportunities for all Canadians. In the *Fall Economic Statement 2018*, the government introduced new tax incentives, including the Accelerated Investment Incentive, to support business investment in Canada.

The government is committed to implementing a comprehensive plan to help make housing more affordable, particularly for those who are finding it increasingly difficult to purchase their first home. To that end, Budget 2019 contains measures to boost supply in Canada's housing and rental markets, and introduces the First-Time Home Buyer Incentive to reduce the monthly mortgage payments required to buy a home for eligible home buyers.

Under Budget 2019, the government will make significant investments to help working Canadians get the skills they need to succeed in a changing world, support seniors' active

participation in society and move forward on implementing national pharmacare. Specifically, Budget 2019 establishes a new Canada Training Benefit, a personalized, portable training benefit that will help people plan for and get the training they need. Through Budget 2019, the government is also supporting seniors' active participation in society and is building on efforts to strengthen the retirement security of Canadians so that they can enjoy a dignified retirement after a lifetime of hard work. Budget 2019 also announced three foundational elements for implementing national pharmacare:

- ▶ the creation of the Canadian Drug Agency
- ▶ the development of a national formulary
- ▶ a national strategy for high-cost drugs for rare diseases

As Minister of Finance, I remain committed to ensuring that as Canada's economy grows, we will provide all Canadians with an opportunity to contribute to and benefit from this growth. As we work toward building an economy that works for everyone, we are balancing smart investments in Canadians with sound fiscal management. Over the coming year, we will remain focused on our ambitious plan to grow the economy in a way that benefits more people today and over the long term. It is a plan that will help support growth and deliver more of the good, well-paying middle class jobs that Canadians can raise a family on, as they plan for their future.

The Honourable William F. Morneau, P.C, M.P.
Minister of Finance

Plans at a glance and operating context

Looking forward, economists expect real gross domestic product (GDP) growth in Canada to average 1.8% per year. This rate, which is in line with Canada's estimated potential GDP growth, mainly reflects the demographic trend toward an aging labour force. In addition to changing demographics, the Canadian economy will face other medium-term risks and opportunities. These risks and opportunities include the outlook for oil prices and constrained export capacity for our commodities; the impact of higher interest rates on households; and the ongoing challenges to enhance Canada's international competitiveness.

The global economy also faces a number of unknowns that may cloud the outlook, including geopolitical tensions and insecurity; spillovers from global monetary tightening; rising protectionism; populism; and decreasing multilateralism.

In this context, the Department of Finance Canada will focus its attention and resources on the four priorities below that collectively summarize its planned results for the 2019–20 fiscal year. These priorities stem from the Department's operating environment, its risks and opportunities, as well as government-wide priorities and mandate letter commitments.

1. Sound fiscal management

Ensure effective management of the economic and fiscal framework, including responsible management of the federal budget and the federal debt, and provide advice on measures to enhance the fairness, neutrality, competitiveness and efficiency of Canada's tax system:

- ▶ Continue to assess Canada's current and future economic conditions in order to formulate first-rate economic policy advice and provide the basis for accurate fiscal planning.
- ▶ Ensure strong fiscal management by supporting the implementation of legislative proposals aimed at improving the fairness and integrity of the tax system.
- ▶ Support the government's commitment to ensuring that Canada remains competitive in the face of international developments, such as the 2017 U.S. tax reform, and respond in a fiscally responsible way.
- ▶ Provide advice on tax policy matters in the context of establishing a new fiscal relationship with Indigenous peoples.
- ▶ Efficiently manage the federal government's currency, debt and international reserves.

The Department will focus on sound fiscal management to ensure that the revenue to support investments in Canadian social and economic priorities is raised and spent in the fairest and most efficient way possible. Actions in this area support financial stability, sustainable growth, competitiveness and economic prosperity, and promote fairness for future generations.

2. Strong, inclusive and sustainable economic growth¹

Continue to play a leadership role in developing policies that encourage productivity, growth and labour force participation. Provide opportunities for everyone to participate in the economy and benefit from economic growth by helping maintain financial stability and by ensuring that growth today is not achieved at the expense of future prosperity:

- ▶ Provide policy advice on a range of financial sector policy issues, including the system of domestic housing finance, the review of the merits of open banking, payments system modernization and governance, a new oversight framework for retail payments, consumer protection in banking, federally regulated pensions, anti-money laundering and anti-terrorist financing frameworks, and financial sector vulnerabilities and risks.
- ▶ Support gender-based analysis plus by ensuring that budget decision-making is responsive to the needs of different groups of women and men.
- ▶ Implement the Government of Canada’s economic agenda in economic sectors such as agri-food and clean technology.
- ▶ Assist with implementing policies related to the new Innovation and Skills Plan and Export Diversification Strategy and continue to work with Infrastructure Canada to support the ramping up of the Canada Infrastructure Bank.

The Department will focus on creating the conditions necessary for strong, inclusive, sustainable, long-term and clean economic growth, thereby increasing Canadians’ standard of living and well-being. Actions in this area also support financial stability and maintain the safety and soundness of the financial system.

3. Sound social policy framework

Manage the major transfer payment programs to provinces and territories, and continue to work collaboratively with departments, other central agencies and provincial partners to develop policy proposals that are consistent with, and deliver on, the government’s social policy priorities:

- ▶ Work with other government departments to support reconciliation with Indigenous peoples, including the establishment of a new fiscal relationship with Indigenous peoples.
- ▶ Collaborate with departments and central agencies to deliver on government priorities in areas such as labour markets, Indigenous and Northern issues, justice, public safety, health, arts and culture, and income security.
- ▶ Convene meetings and undertake consultations with provinces and territories, including finance ministers, to advance issues of shared interest.

1. This planned activity relates to a government-wide priority.

The Department will focus on ensuring a sound social policy framework to support the government's efforts to promote equality of opportunity for all citizens across the country and to meet the government's priorities for promoting jobs and economic growth. Actions in this area also respond to current and emerging issues related to social policy and major transfer payment programs.

4. Effective international engagement

Support the government in maintaining Canada's leadership and engagement globally, while deepening its trading relationships. Continue to monitor international economic and financial conditions and developments in order to manage risks associated with pressures on the fiscal framework and Canada's economic growth and competitiveness:

- ▶ Play a leadership role through Canada's participation in the G7 and the G20 and Canada's role as co-chair of the G20 Framework for Strong, Sustainable and Balanced Growth Working Group.
- ▶ Lead efforts through the Canada-China Economic and Financial Strategic Dialogue to advance Canada's interests in the areas of financial services, multilateral economic governance, and bilateral trade and investment.
- ▶ Advance and implement Canada's trade policy agenda, including bilateral, regional and multilateral trade negotiations.
- ▶ Engage with domestic and international institutions to support Canada's international assistance and international finance priorities.

The Department will focus on effective international engagement to contribute to the stability of the global economy and improve the rules-based international order. Actions in this area aim to promote free, rules-based trade; strengthen inclusive global growth; and support the stability of the global financial sector.

For more information on the Department of Finance Canada's plans, priorities and planned results, see the "Planned results" section of this report.

Planned results: what we want to achieve this year and beyond

Core Responsibilities

Economic and Fiscal Policy

Description

Develop the federal budget and the Fall Economic Statement, as well as provide analysis and advice to the Government of Canada on economic, fiscal and social policy; federal-provincial relations, including the transfer and taxation payments; the financial sector; tax policy; and international trade and finance.

Planning highlights

The Department of Finance Canada will continue to ensure a sound economic, social, fiscal and financial policy framework. The Department will assess Canada's current and future economic conditions to formulate first-rate economic policy advice and provide the basis for accurate fiscal planning. The Department will conduct analysis and will play an important role in coordinating the preparation of federal budgets.

With the enactment of the *Canadian Gender Budgeting Act*, the Department will implement its new requirements to publish information on gender-based analysis plus (GBA+) for new federal tax measures and tax expenditures. The Department will continue to support budget decision-making that is responsive to the needs of different groups of women and men by fully integrating GBA+ in budget decision-making and by publishing an assessment of new budget measures from a gender and diversity perspective as part of the annual federal budget.

The *Fall Economic Statement* 2018 proposed immediate changes to Canada's tax system in order to enhance business confidence by encouraging new capital investments in Canada. The Department will continue to support the government's commitment to ensuring that Canada remains competitive in the face of international developments, such as the 2017 U.S. tax reform, and will continue to respond in a fiscally responsible way. Because the full effect of U.S. tax reform on Canada's economy can only be determined over time, the Department will continue to consider the implications of the U.S. tax changes on the Canadian economy and on the integrity of the Canadian tax system, including the details of different elements as they are established through regulation.

As announced in Budget 2019, the government will establish a new Canada Training Benefit. The benefit has two key components: a non-taxable training credit to help cover the cost of training, and a new Employment Insurance Training Support Benefit to provide income support when an individual has to take time off work. The benefit will give Canadians at all stages of their working lives the opportunity to invest in new skills, build greater job security and chart a

better future for themselves and their families. In 2019–20, the Department will assist the government in consulting workers, employers, educational institutions, training providers, and provinces and territories on the final design of the benefit and on changes to federal, provincial and territorial labour legislation so that workers can take time away from work to pursue training without risk to their job security.

Budget 2019 also contained a number of measures to make housing more affordable for first-time home buyers, to boost supply in Canada’s housing and rental markets, and to increase fairness in the real estate sector. To help make home ownership more affordable for first-time home buyers, Budget 2019 is introducing the First-Time Home Buyer Incentive. Through this incentive, Canada Mortgage and Housing Corporation (CMHC) would provide up to \$1.25 billion over three years (starting in 2019–20) to eligible home buyers by sharing in the cost of a mortgage. The Department will support the government’s efforts to develop legislation that would enable CMHC to offer the First-Time Home Buyer Incentive and administer a fund for third-party shared equity mortgage providers.

Budget 2019 also increases, from \$25,000 to \$35,000, the maximum amount that eligible first-time home buyers can withdraw from their Registered Retirement Savings Plan under the Home Buyers’ Plan to buy a home. This amount has not been adjusted for 10 years. The Department will provide the expertise and information needed to support Parliament’s consideration of this and other Budget 2019 proposals.

With the implementation of the fuel charge component of the federal carbon pollution pricing system in six jurisdictions across Canada in 2019, the Department must now manage a number of significant new policy responsibilities. The Department will conduct further policy work related to the fuel charge, as it usually does when fiscal measures of this scale are introduced. This work will require, among other things, responding to proposals from industry stakeholders for changes to the legislation or regulations and addressing technical matters raised by the Canada Revenue Agency. In addition, the Department will be responsible for monitoring fuel charge proceeds collected under Part 1 of the *Greenhouse Gas Pollution Pricing Act*, which will be administered by the Canada Revenue Agency. The Department will develop and implement an annual process for the Minister of Finance to specify province-specific Climate Action Incentive amounts.

The Department will continue to monitor the effectiveness of the coordinated approach to cannabis taxation and will in conjunction with provinces and territories, review the coordinated cannabis duty system as contemplated under the Coordinated Cannabis Taxation Agreements.

The Department will continue to support the implementation of the new multilateral standard for the automatic exchange of tax information and a new system of country-by-country reporting for large multinational enterprises. It will continue to negotiate, renegotiate and implement international tax treaties to promote trade and investment and reduce the risk of double taxation,

without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, in accordance with Canadian tax treaty policy. It will also continue to monitor corporate tax changes by Canada's key competitors and to evaluate and provide advice on the international competitiveness of Canada's corporate tax system.

The Department will provide advice on tax policy matters in the context of establishing a new fiscal relationship with Indigenous peoples.

The Department will participate in the work of the new permanent Advisory Committee on the Charitable Sector, which was announced in the *Fall Economic Statement 2018*.

To help create the conditions for inclusive and sustainable economic growth, the Department will work to implement the government's agenda in economic sectors such as agri-food and clean technology, by providing high-quality and timely analysis and advice on the fiscal and economic implications of sectoral and microeconomic programs and policies. The Department will also assist with implementing policies related to the new Innovation and Skills Plan and Export Diversification Strategy. In addition, the Department will continue to work with Infrastructure Canada to support the ramping up of the Canada Infrastructure Bank.

The Department will promote measures that support strong and sustainable growth, with attention to policies that facilitate investment in social programs. To ensure that social programs remain sustainable and effective for Canadians, the Department will continue to collaborate with departments and central agencies to review policy proposals that are consistent with, and that deliver on, the government's priorities in areas such as labour markets, Indigenous and Northern issues, justice, public safety, health, arts and culture, and income security. In particular, the Department will work with other government departments to support reconciliation with Indigenous peoples by establishing a new fiscal relationship with Indigenous peoples.

The Department will work with provinces and territories to manage the major transfer payment programs in order to ensure that those programs are sustainable and effective for all Canadians. The Department will also continue to implement its risk mitigation strategies to ensure that, in the case of a failure in supporting systems and processes, delivery of tax and transfer payments to provinces, territories and Indigenous governments, as well as public debt related transactions, remains timely and accurate.

The Department will review and continue to refine the financial sector policy framework in order to align it with the objectives of financial stability, competition and utility. In so doing, the Department will provide advice on a range of financial sector policy issues, including:

- ▶ the system of domestic housing finance
- ▶ open banking

- ▶ payments system modernization and governance
- ▶ a new oversight framework for retail payments
- ▶ consumer protection in banking
- ▶ federally regulated pensions
- ▶ anti-money laundering and anti-terrorist financing frameworks
- ▶ financial sector vulnerabilities and risks

In 2019–20, the Department will participate in the International Monetary Fund’s assessment of the stability and soundness of Canada’s financial sector. The Department will also support Canada’s international financial services trade and investment interests; continue efforts to finalize and implement the G20-led financial sector reforms to realize the benefits of a sound and resilient global financial system; and will promote the federal-provincial agreement to establish a cooperative Capital Markets Regulatory System.

The Department will continue to support the government in maintaining Canada’s leadership and engagement globally, while deepening its trading relationships. This support will ensure the current and future prosperity of Canadians through the maintenance and expansion of the rules-based global trading system and financial international order. As part of its global engagement, the Department will support bilateral, regional and multilateral trade negotiations and will pursue efforts to advance and implement Canada’s trade policy framework in a manner that encourages inclusive trade growth. Advancing Canada’s trade policy agenda reduces the complexity and incidence of tariffs, and in turn contributes to Canada’s ranking in the domestic market access pillar of the World Economic Forum Global Enabling Trade Report.

The Department’s planned results respond to complex and horizontal issues that require ongoing discussions, consultations and coordination with central agencies, other departments and governments, and external stakeholders. The Department will need to maintain high-level engagement and strong collaborative relationships with domestic and international partners to succeed in fulfilling its commitments and in delivering results for Canadians. The Department will continue to strengthen analytical capacity, which has been key to ensuring that the Minister and senior officials are equipped to make informed decisions.

Planned results

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
1. Canadians enjoy stronger, more sustainable and inclusive economic growth that contributes to higher standards of living.	1.1 Gross domestic product (GDP) per capita (ranking among the Organisation for Economic Co-operation and Development (OECD) countries)	Ranking among the countries with the 15 highest levels of GDP per capita	2019–20	Ranked 14th among 36 OECD countries	Ranked 14th among 36 OECD countries	Data not yet available
	1.2 Employment rate among the population age 15 to 64 (ranking among the OECD countries)	Ranking among the countries with the 15 highest employment rates	2019–20	Ranked 11th among 36 OECD countries	Ranked 13th among 36 OECD countries	Data not yet available
	1.3 Real disposable income across income groups*	Growth is broad-based across income groups	2019–20	Bottom quintile: 1.1% Second quintile: 1.2% Third quintile: 1.1% Fourth quintile: 0.9% Top quintile: 0.7%	Bottom quintile: 1.9% Second quintile: 1.4% Third quintile: 1.2% Fourth quintile: 1.2% Top quintile: 1.0%	Data not yet available

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
2. Canada's public finances are sound, sustainable and inclusive.	2.1 Federal debt-to-gross domestic product ratio	Stable over the medium-term (defined as the end of the 5-year projection period for the budget)	2019–20	Met	Met	Met
	2.2 The annual federal budget includes an assessment of the impact of new expenditure and revenue measures on different groups of women and men	Presence of a clear "Gender Statement" in the annual budget document, where the impact of budgetary measures is presented from a gender perspective	2019–20	No gender statement in Budget 2016	Yes	Yes
3. Canada has a fair and competitive tax system.	3.1 Taxes on labour income	Lower than the G7 average	2019–20	Met	Met	Data not yet available
	3.2 Total business tax costs	Lower than the G7 average	2019–20	Lowest in the G7	Lowest in the G7	Data not yet available
4. Canada has a sound and efficient financial sector.	4.1 Percentage of leading international organizations and major ratings agencies that rate Canada's financial policy framework as favourable	100%	2019–20	100%	100%	100%
	4.2 Ranking of Canada's financial sector in the World Economic Forum's Global Competitiveness Report	Above the G7 average	2019–20	Above the G7 average Canada: 5.47 G7 average: 4.7	Above the G7 average Canada: 5.30 G7 average: 4.76	Above the G7 average Canada: 5.44 G7 average: 4.81

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
5. The Government of Canada's borrowing requirements are met at a low and stable cost to support an effective management of the federal debt on behalf of Canadians.	5.1 Percentage of the government's borrowing requirements met within the fiscal year	100%	2019–20	100%	100%	100%
	5.2 Canada's sovereign rating	Equal to or better than median for the G7 countries	2019–20	Canada was the highest rated among G7 countries	Canada was the highest rated among G7 countries	Canada was the highest rated among G7 countries
6. The Government of Canada effectively supports provinces, territories and Indigenous governments.	6.1 Degree to which timely statutory federal transfer programs assist and support provincial and territorial governments in delivering important public services, including accessible and quality health care (on a scale of 1 to 5)	5 (100% of payments reviewed did not reveal errors; 100% of payments to provincial and territorial governments were made within the required time frames)	2019–20	5	5	5
	6.2 Degree to which payment issues identified with respect to tax agreements with provinces, territories and Indigenous governments are addressed (on a scale of 1 to 4)	2 (mostly addressed)	2019–20	Not applicable†	Not applicable†	2 (mostly addressed)

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results
7. Canada maintains its leadership and engagement globally and deepens its trading relationships.	7.1 Canada's ranking in the domestic market access pillar of the World Economic Forum Global Enabling Trade Report	Best of G7 countries	2019–20	Met	Data not available	Data not yet available
	7.2 Percentage of the Department of Finance Canada's international assistance payments that are publicly reported on a monthly basis to support aid transparency	100%	2019–20	New indicator for 2018–19	New indicator for 2018–19	New indicator for 2018–19

* Indicator 1.3 measures inflation-adjusted growth averaged over the previous five years in disposable household incomes across five income groups, ranging from the bottom 20% to the top 20%. Household income is adjusted for household size by dividing household income by the square root of the household size.

† Data for indicator 6.2 are collected every three years for payment issues that arise during this three-year period. As a result, no results have been presented for fiscal years 2015–16 and 2016–17. However, payment issues that arose for these two fiscal years are reflected in the results for fiscal year 2017–18.

Budgetary financial resources (dollars)

2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
98,925,279,991	98,925,279,991	102,512,301,034	106,516,645,420

Human resources (full-time equivalents)

2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
576	565	564

Financial, human resources and performance information for the Department of Finance Canada's Program Inventory is available in the [GC InfoBase](#).ⁱ

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of Programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Budgetary financial resources (dollars)

2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
39,594,484	39,594,484	39,425,693	39,165,693

Human resources (full-time equivalents)

2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
233	233	233

Planning highlights

Building a healthy, diverse and productive workforce

The Department of Finance Canada must be able to attract, retain and develop a talented, diverse and representative workforce in order to be able to respond to increasing demands for sound and timely policy analysis and advice. The Department will therefore continue to invest in human capital, define diversity goals, and manage talent through recruitment, performance management, learning plans, development programs, mentoring and job shadowing. It will develop recruitment and workplace practices in support of diversity and inclusion, and will continue to monitor and assess representation, recruitment, promotion and retention rates to ensure that these practices are effective. The Department will also implement human resources plans and priorities in support of a healthy work environment that is free from harassment and discrimination.

Modernizing information management and enabling a digital and collaborative workplace, while enhancing user experience and strengthening cybersecurity

The Department will continue to implement departmental and government-wide solutions to modernize its information management (IM) and information technology (IT) tools to enhance business effectiveness, collaboration and mobility (for example, SharePoint enhancements,

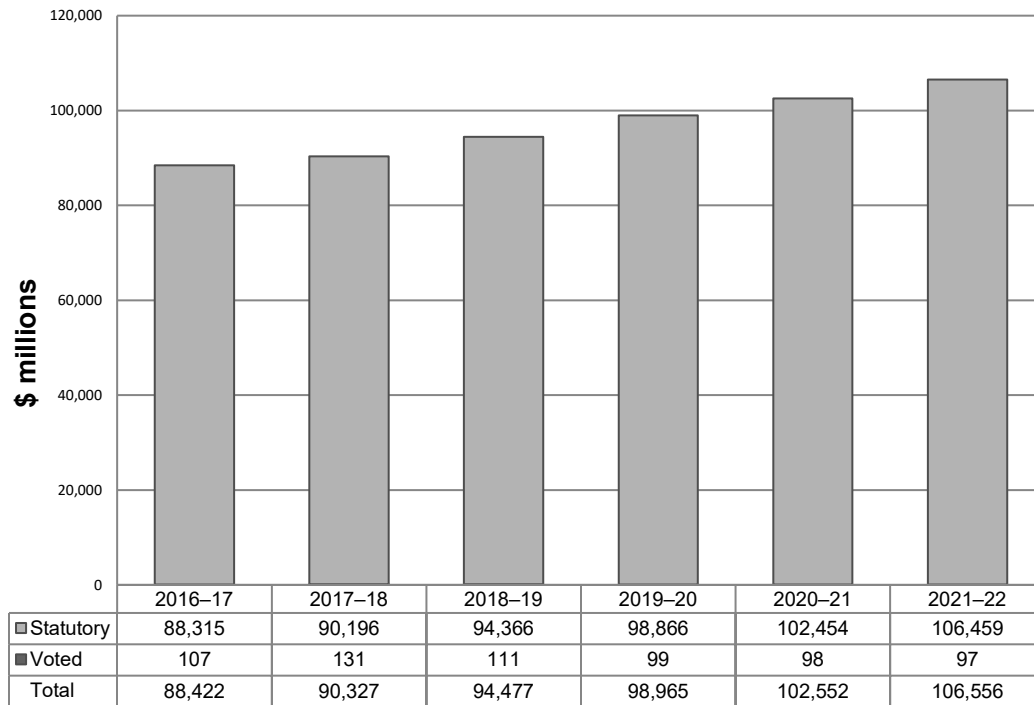
Protected B external collaborations, secure instant messaging, GCDOCS, and Open Government), while further strengthening its network and server infrastructure.

The Department will continue to manage IT investments and priorities while supporting the implementation of government-wide modernization and transformation activities in the areas of IT security, enterprise architecture, and digital communication as part of a reliable and secure cloud solution. In partnership with Shared Services Canada, the Department will consider options for modernizing its networks to ensure a balance between IT security requirements and organizational efficiency and productivity, and at the same time enhance the user experience.

Spending and human resources

Planned spending

Departmental spending trend graph



Budgetary planning summary for Core Responsibilities and Internal Services (dollars)

Core Responsibilities and Internal Services	2016–17 Expenditures	2017–18 Expenditures	2018–19 Forecast spending	2019–20 Main Estimates	2019–20 Planned spending	2020–21 Planned spending	2021–22 Planned spending
Economic and Fiscal Policy	88,379,210,698	90,282,485,447	94,432,594,619	98,925,279,991	98,925,279,991	102,512,301,034	106,516,645,420
Subtotal	88,379,210,698	90,282,485,447	94,432,594,619	98,925,279,991	98,925,279,991	102,512,301,034	106,516,645,420
Internal Services	42,341,540	44,232,684	44,657,498	39,594,484	39,594,484	39,425,693	39,165,693
Total	88,421,552,238	90,326,718,131	94,477,252,117	98,964,874,475	98,964,874,475	102,551,726,727	106,555,811,113

The supporting narratives below explain any significant variances in departmental spending (budgetary) over the last three years.

Economic and Fiscal Policy

The cumulative increase of \$7.6 billion in planned spending from 2019–20 to 2021–22 mainly relates to:

- ▶ legislated and forecast increases for the Canada Health Transfer, Fiscal Arrangements with Provinces and Territories and Canada Social Transfer (\$52 billion) transfer payment programs
- ▶ an increase in market debt resulting from the upward revision of interest rates forecast by private sector economists, consistent with the Budget 2019 (\$3.1 billion)
- ▶ a decrease in other interest costs largely reflecting the decrease in the average Government of Canada long-term bond rate forecast, which is used to calculate interest on the public sector pension obligations pertaining to service before April 1, 2000 (\$0.7 billion)

Internal Services

The decrease from 2018–19 forecast spending and 2019–20 planned spending is mainly attributable to the time-limited funding received in 2018–19, such as the carry forward and funding for retroactive pay.

Planned human resources

Human resources planning summary for Core Responsibilities and Internal Services (full-time equivalents)

Core Responsibilities and Internal Services	2016–17 Actual full-time equivalents	2017–18 Actual full-time equivalents	2018–19 Forecast full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents	2021–22 Planned full-time equivalents
Economic and Fiscal Policy	480	515	562	576	565	564
Subtotal	480	515	562	576	565	564
Internal Services	254	254	230	233	233	233
Total	734	769	792	809	798	797

The increase in full-time equivalents from 2017–18 to 2018–19 is mainly attributable to the increase in funding for key government priorities such as enhancing capacity in the areas of Indigenous policy, tax-competitiveness monitoring, and returning pollution pricing revenues.

The decline in full-time equivalents in 2018–19 for Internal Services reflects resources funded in 2017–18 from the departmental carry forward, which is a temporary source of funds.

Estimates by vote

For information on the Department of Finance Canada’s organizational appropriations, consult the [2019–20 Main Estimates](#).ⁱⁱ

Future-Oriented Condensed Statement of Operations

The Future-Oriented Condensed Statement of Operations provides a general overview of the Department of Finance Canada’s operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the Future-Oriented Condensed Statement of Operations is prepared on an accrual accounting basis, and the forecast and planned spending amounts presented in other sections of the Departmental Plan are prepared on an expenditure basis, amounts may differ.

A more detailed Future-Oriented Statement of Operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, are available on the [Department of Finance Canada’s website](#).ⁱⁱⁱ

Future-Oriented Condensed Statement of Operations for the year ending March 31, 2020 (dollars)

Financial information	2018–19 Forecast results	2019–20 Planned results	Difference (2019–20 Planned results minus 2018–19 Forecast results)
Total expenses	94,522,935,198	98,992,276,169	4,469,340,971
Total revenues	0	0	0
Net cost of operations before government funding and transfers	94,522,935,198	98,992,276,169	4,469,340,971

Additional information

Corporate information

Organizational profile

Appropriate minister: William F. Morneau

Institutional head: Paul Rochon

Ministerial portfolio: Department of Finance

Enabling instruments: The Minister of Finance has direct responsibility for a number of acts, and is assigned specific fiscal and tax policy responsibilities relating to other acts that are under the responsibility of other ministers, including the following:

- ▶ *Financial Administration Act*
- ▶ *Income Tax Act*
- ▶ *Payment Clearing and Settlement Act*
- ▶ *Federal-Provincial Fiscal Arrangements Act*
- ▶ *First Nations Goods and Services Tax Act*
- ▶ *Customs Act*
- ▶ *Customs Tariff*
- ▶ *Excise Act, 2001*
- ▶ *Excise Tax Act*
- ▶ *Payment Card Networks Act*
- ▶ *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
- ▶ *Special Import Measures Act*
- ▶ *Bank of Canada Act*
- ▶ *Bank Act*
- ▶ *Cooperative Credit Associations Act*
- ▶ *Insurance Companies Act*
- ▶ *Trust and Loan Companies Act*

Key legislation and acts are available on the [Justice laws website](#).^{iv}

Year of incorporation / commencement: 1867²

2. On July 1, 1867, the federal Finance portfolio was established and the first Minister of Finance was appointed. The Department of Finance Canada was created on June 22, 1869.

Raison d’être, mandate and role: who we are and what we do

“Raison d’être, mandate and role: who we are and what we do” is available on the [Department of Finance Canada’s website](#).^v

Reporting framework

The Department of Finance Canada’s Departmental Results Framework and Program Inventory of record for 2019–20 are shown on the following page:

Core Responsibility: Economic and Fiscal Policy		Internal Services
Departmental Result: Canadians enjoy stronger, more sustainable and inclusive economic growth that contributes to higher standards of living.	Indicator: Gross domestic product per capita (ranking among the Organisation for Economic Co-operation and Development (OECD) countries)	
	Indicator: Employment rate among the population age 15 to 64 (ranking among the OECD countries)	
	Indicator: Real disposable income across income groups	
Departmental Result: Canada's public finances are sound, sustainable and inclusive.	Indicator: Federal debt-to-gross domestic product (GDP) ratio	
	Indicator: The annual federal budget includes an assessment of the impact of new expenditure and revenue measures on different groups of women and men	
Departmental Result: Canada has a fair and competitive tax system.	Indicator: Taxes on labour income	
	Indicator: Total business tax costs	
Departmental Result: Canada has a sound and efficient financial sector.	Indicator: Percentage of leading international organizations and major ratings agencies that rate Canada's financial policy framework as favourable	
	Indicator: Ranking of Canada's financial sector in the World Economic Forum's Global Competitiveness Report	
Departmental Result: The Government of Canada's borrowing requirements are met at a low and stable cost to support an effective management of the federal debt on behalf of Canadians.	Indicator: Percentage of the government's borrowing requirements met within the fiscal year	
	Indicator: Canada's sovereign rating	
Departmental Result: The Government of Canada effectively supports provinces, territories and Indigenous governments.	Indicator: Degree to which timely statutory federal transfer programs assist and support provincial and territorial governments in delivering important public services, including accessible and quality health care (on a scale of 1 to 5)	
	Indicator: Degree to which payment issues identified with respect to tax agreements with provinces, territories and Indigenous governments are addressed (on a scale of 1 to 4)	
Departmental Result: Canada maintains its leadership and engagement globally and deepens its trading relationships.	Indicator: Canada's ranking in the domestic market access pillar of the World Economic Forum Global Enabling Trade Report	
	Indicator: Percentage of Finance Canada's international assistance payments that are publicly reported on a monthly basis to support aid transparency	
Program Inventory	Program: Tax Policy and Legislation	Program: Canada Health Transfer
	Program: Economic and Fiscal Policy, Planning and Forecasting	Program: Fiscal Arrangements with Provinces and Territories
	Program: Economic Development Policy	Program: Tax Collection and Administration Agreements
	Program: Federal-Provincial Relations and Social Policy	Program: Commitments to International Financial Organizations
	Program: Financial Sector Policy	Program: Market Debt and Foreign Reserves Management
	Program: International Trade and Finance Policy	

Supporting information on the Program Inventory

Supporting information on planned expenditures, human resources and results related to the Department of Finance Canada's Program Inventory is available in the [GC InfoBase](#).ⁱ

Supplementary information tables

The following supplementary information tables are available on the [Department of Finance Canada's website](#).^{vi}

- ▶ Departmental Sustainable Development Strategy
- ▶ Details on transfer payment programs of \$5 million or more
- ▶ Gender-based analysis plus

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#).^{vii} This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

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Appendix: definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (plan ministériel)

A report on the plans and expected performance of an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

Any change that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by Program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

The department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (rapport sur les résultats ministériels)

A report on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision-making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])

An analytical process used to help identify the potential impacts of policies, Programs and services on diverse groups of women, men and gender-diverse people. The “plus” acknowledges that GBA goes beyond sex and gender differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical disability.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2019–20 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada’s Strength; and Security and Opportunity.

horizontal initiative (initiative horizontale)

An initiative where two or more departments are given funding to pursue a shared outcome, often linked to a government priority.

Non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, Program, policy or initiative respecting expected results.

Performance Information Profile (profil de l'information sur le rendement)

The document that identifies the performance information for each Program from the Program Inventory.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

plan (plan)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally, a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

priority (priorité)

A plan or project that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Departmental Results.

Program (programme)

Individual or groups of services, activities or combinations thereof that are managed together within the department and focus on a specific set of outputs, outcomes or service levels.

Program Inventory (répertoire des programmes)

Identifies all of the department's programs and describes how resources are organized to contribute to the department's Core Responsibilities and Results.

result (résultat)

An external consequence attributed, in part, to an organization, policy, Program or initiative. Results are not within the control of a single organization, policy, Program or initiative; instead, they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, Program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

- i. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- ii. 2019–20 Main Estimates, <http://www.tbs-sct.gc.ca/hgw-cgf/finances/pgs-pdg/gepme-pdgbpd/index-eng.asp>
- iii. Future-Oriented Statement of Operations, <https://www.fin.gc.ca/fs-ef/2018-eng.asp>
- iv. Justice laws website, <http://laws-lois.justice.gc.ca/eng/>
- v. Raison d’être, mandate and role: who we are and what we do, <https://www.fin.gc.ca/pub/dp-pm/2019-2020/remr-eng.asp>
- vi. Supplementary information tables, <https://www.fin.gc.ca/pub/dp-pm/2018-2019/st-ts01-eng.asp>
- vii. *Report on Federal Tax Expenditures*, <http://www.fin.gc.ca/purl/taxexp-eng.asp>