

2006–2007 Estimates

Parts I and II

**The Government Expense Plan
and
The Main Estimates**

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2006–2007 Estimates

Part I

The Government Expense Plan

Part I – The Government Expense Plan

Overview:

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

Budgetary Main Estimates:

Budgetary expenditures include the cost of servicing the public debt; operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations. These Main Estimates support the government's request for Parliament's authority to spend \$70.2 billion under program authorities that require Parliament's annual approval of their spending limits. The remaining \$128.4 billion is statutory and the detailed forecasts are provided for information purposes only.

Non-Budgetary Main Estimates:

Non-budgetary expenditures (loans, investments and advances) are outlays that represent changes in the composition of the financial assets of the Government of Canada. The 2006-2007 Main Estimates include a forecast decrease in non-budgetary spending authorities of \$567.2 million over the 2005-2006 Main Estimates. Voted non-budgetary spending authorities set out in these Estimates amount to \$123.4 million. The remaining \$999.5 million is pursuant to enabling legislation.

Table 1: Total Main Estimates

(millions)	2006-2007			2005-2006			Change in Total Spending	
	Budgetary	Non-Budgetary	Total	Budgetary	Non-Budgetary	Total	\$	%
Voted	70,205.0	123.4	70,328.4	66,050.0	84.5	66,134.5	4,193.9	6.3
Statutory	128,389.9	999.5	129,389.4	119,813.4	1,605.6	121,419.0	7,970.4	6.6
Total Main Estimates	198,594.9	1,122.9	199,717.8	185,863.4	1,690.1	187,553.5	12,164.3	6.5

In total, the 2006-2007 Main Estimates have increased by \$12.2 billion or 6.5% relative to the 2005-2006 Main Estimates. This is accounted for by an increase of \$12.7 billion in budgetary spending and a decrease of \$567.2 million in non-budgetary spending.

Budgetary Main Estimates – A net \$12.7 billion increase

These Main Estimates represent the expenditure plan for fiscal year 2006-2007, and are consistent with the spending plans outlined in the February 2005 Budget.

Table 2 below presents the total planned budgetary expense of \$205.1 billion for 2006-2007. Of that amount, \$34.4 billion is for public debt charges and \$170.7 billion is for program spending. Overall, total budgetary expenses in the 2006-2007 Main Estimates have increased by \$10.2 billion relative to the 2005-2006 Main Estimates.

Part I – The Government Expense Plan

Table 2: Budgetary Main Estimates by Type of Payment

(\$ millions)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
<i>Major transfers to other levels of government:</i>				
Fiscal Equalization ¹	9,510.0	11,282.0	1,772.0	18.6
Canada Health Transfer ²	13,000.0	20,140.0	7,140.0	54.9
Canada Social Transfer ³	8,225.0	8,500.0	275.0	3.3
Health Reform Transfer ⁴	3,500.0	0.0	-3,500.0	-100.0
Territorial Governments ⁵	1,800.0	0.0	-1,800.0	-100.0
Territorial Financing ⁶	0.0	2,070.0	2,070.0	N/A
Alternative Payments for Standing Programs ⁷	-2,765.1	-2,995.0	-229.9	-8.3
Youth Allowance Recovery ⁸	-611.0	-699.0	-88.0	-14.4
Other statutory subsidies	32.0	32.0	0.0	0.0
Sub-total major transfers to other levels of government	32,690.9	38,330.0	5,639.1	17.2
<i>Major transfers to persons:</i>				
Elderly Benefits ⁹	28,893.0	30,575.0	1,682.0	5.8
Employment Insurance ¹⁰	15,201.0	15,030.0	-171.0	-1.1
Sub-total major transfers to persons	44,094.0	45,605.0	1,511.0	3.4
<i>Transfers to international financial organizations</i> ¹¹	1,188.5	725.9	-462.6	-38.9
<i>Other transfer payments and subsidies</i>	23,767.2	26,863.9	3,096.7	13.0
Total transfer payments	101,740.6	111,524.8	9,784.2	9.6
Payments to Crown corporations	5,000.6	5,193.8	193.2	3.9
Operating and capital	43,235.2	47,481.3	4,246.1	9.8
Public debt charges	35,887.0	34,395.0	-1,492.0	-4.2
Total Budgetary Main Estimates	185,863.4	198,594.9	12,731.5	6.8
Adjustments to reconcile to the 2005 Budget ¹²	9,000.0	6,505.1	-2,494.9	-27.7
Total Budgetary Expenses ¹³	194,863.4	205,100.0	10,236.6	5.3

¹ Fiscal Equalization refers to unconditional transfer payments to lower-income provinces so that they can provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation.

² The Canada Health Transfer (CHT) is a federal transfer provided to each province and territory in support of provincial health care. CHT funding is provided through cash payments and tax transfers and is subject to the five principles of the *Canada Health Act* and the prohibition of minimum residency requirements for social assistance.

³ The Canada Social Transfer (CST) is a federal block transfer to provinces and territories in support of post-secondary education, social assistance and social services, including early childhood development and early learning and childcare. The CST is made up of both a cash transfer and tax transfer component and is allocated on a per capita basis to ensure equal support to all Canadians regardless of their province or territory of residence. The CST supports the Government's commitment to prohibit minimum residency requirements for social assistance.

⁴ The Health Reform Transfer (HRT) was originally created as part of the 2003 First Ministers' Accord on Health Care Renewal to focus on primary health care, home care and catastrophic drug coverage. This program has now been combined with the CHT.

⁵ Territorial Governments payments are federal transfers to the Governments of Nunavut, the Northwest Territories, and Yukon designed to enable the territories to provide the same range of services as the provincial governments provide. For 2006-2007, these funds have been combined with the new Territorial Financing program.

⁶ Territorial Financing payments are federal transfers provided to the territorial governments to assist them in providing public services. The transfers are based on a formula that fills the gap between the expenditure requirements and revenue-raising capacity of the territories.

⁷ Alternative Payments for Standing Programs represent recoveries from Quebec of an additional tax point transfer above and beyond the tax point transfer under the CHT and the CST. This amount reflects the most current forecast.

⁸ Youth Allowance Recovery relates to tax points transferred to the province of Quebec for the Youth Allowance program, which has since expired. The equivalent value of the tax point reduction is recovered from the federal cash transfers to the province. This amount reflects the most current forecast.

⁹ Elderly Benefits are basic income support to seniors provided by the Government of Canada through Old Age Security Pensions, the Guaranteed Income Supplement, and both the Allowance and the Allowance for the Survivor benefits. It also includes earnings-related pension and insurance benefits provided under the Canada and Quebec Pension Plans. This amount reflects the most current forecast.

¹⁰ Employment Insurance (EI) provides temporary financial assistance for unemployed Canadians while they look for work or upgrade their skills. Canadians who are sick, pregnant or caring for a newborn or adopted child, as well as those who must care for a family member who is seriously ill with a significant risk of death, may also be assisted by EI. This amount reflects the most current forecast.

¹¹ Payments made to meet commitments made by Canada under multilateral debt service reduction agreements (see Table 11 – page 1-17).

¹² This includes adjustments for the impact of accrual accounting, expenses charged to previous years and an anticipated lapse. It also includes expenses not yet allocated for initiatives that require further development or legislation.

¹³ Total budgetary expenses are consistent with Budget 2005 with the exceptions, as noted above, where current forecasts of the statutory obligations have been reflected. In addition, public debt charges also reflect the most current forecast.

Part I – The Government Expense Plan

Program Spending by Sector

In this section, program spending is set out by sector and, within each sector, by federal department and agency. While some sectors show a decline in spending in 2006-2007, others are showing increases that, in part, reflect measures announced in the 2005 Budget. In addition to the explanatory details provided on each of the sectors, a major driver of changed spending that applies to all departments and agencies is collective bargaining, and some \$1.2 billion in collectively-bargained wage and salary increases are reflected in these Estimates.

The table below summarizes program spending by sector.

Table 3: Program Spending by Sector

(\$ thousands)	Main Estimates		Change in Spending		% of Total
	2005-2006	2006-2007	\$	%	
1. Social Programs (including Major Transfers) ¹⁴	83,208,350	90,357,135	7,148,785	8.6	45.5
2. Cultural Programs	3,357,453	3,881,307	523,854	15.6	2.0
3. Environment and Resource-based Programs	6,239,585	6,838,539	598,954	9.6	3.4
4. Industrial, Regional, and Scientific-Technological Support Programs	5,926,844	6,829,751	902,907	15.2	3.4
5. Transportation Programs	1,545,867	1,474,476	-71,391	-4.6	0.7
6. Justice and Legal Programs	1,518,784	1,627,395	108,611	7.2	0.8
7. Security and Public Safety Programs	5,330,509	6,024,648	694,139	13.0	3.0
8. International, Immigration and Defence Programs	20,479,791	22,117,546	1,637,755	8.0	11.1
9. Parliament and Governor General	519,667	543,830	24,163	4.6	0.3
10. General Government Services (including Major Transfers) ¹⁵	20,891,833	23,433,366	2,541,533	12.2	11.8
11. Public Debt Charges	35,887,000	34,395,000	-1,492,000	-4.2	17.3
12. Items not allocated to a specific department ¹⁶	957,719	1,071,913	114,194	11.9	0.5
Total Program Spending	185,863,402	198,594,906	12,731,504	6.8	100.0

The largest portion of program spending is devoted to social programs, which accounts for \$90.4 billion or 45.5% of the total program spending for 2006-2007. Of the remainder, spending on public debt charges, international, immigration and defence programs, and general government services accounts for an additional \$79.9 billion or 40.3% of total spending.

The remainder of this section examines each of the ten sectors in more detail.

¹⁴ Major transfers for Social Programs include: Employment Insurance, Elderly Benefits, the Canada Health Transfer, and the Canada Social Transfer. For 2006-2007, the Health Reform Transfer has been included in the Canada Health Transfer.

¹⁵ Major transfer payments within General Government Services include transfers to territorial governments and equalization payments.

¹⁶ This represents administrative charges associated with the provision of the Employment Insurance Plan.

Part I – The Government Expense Plan

1 - Social Programs

This sector comprises those departments and agencies that deliver programs which aim to promote the health and well-being of Canadians and foster equality of access to the benefits of Canadian society. The federal government attains these objectives through direct program spending, transfers to persons and transfers to other levels of government. These departments include Health, Human Resources and Skills Development, Indian Affairs and Northern Development, and Veterans Affairs.

Table 4 breaks down planned spending on social programs by department, corporation and agency as follows:

Table 4: Social Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Health				
Department	2,855,685	2,975,397	119,712	4.2
Assisted Human Reproduction Agency of Canada	0	9,681	9,681	N/A
Canadian Institutes of Health Research	776,848	832,665	55,817	7.2
Hazardous Materials Information Review Commission	3,391	3,512	121	3.6
Patented Medicine Prices Review Board	4,373	6,512	2,139	48.9
Public Health Agency of Canada	423,119	506,589	83,470	19.7
Human Resources and Skills Development				
Department (Human Resources and Skills Development)	2,186,506	2,475,121	288,615	13.2
Department (Social Development)	606,728	1,327,116	720,388	118.7
Canada Mortgage and Housing Corporation	2,224,712	2,266,048	41,336	1.9
Canadian Centre for Occupational Health and Safety	4,540	4,484	-56	-1.2
Indian Affairs and Northern Development				
Department	5,825,538	6,189,701	364,163	6.3
Canadian Polar Commission	967	976	9	0.9
Indian Specific Claims Commission	0	5,572	5,572	N/A
Veterans Affairs	2,853,070	3,202,761	349,691	12.3
<i>Sub-total Direct Program Spending</i>	<i>17,765,477</i>	<i>19,806,135</i>	<i>2,040,658</i>	<i>11.5</i>
<i>Major Transfers:</i>				
Canada Health Transfer	13,000,000	20,140,000	7,140,000	54.9
Canada Social Transfer	8,225,000	8,500,000	275,000	3.3
Health Reform Transfer	3,500,000	0	-3,500,000	-100.0
Elderly Benefits	28,893,000	30,575,000	1,682,000	5.8
Employment Insurance	15,201,000	15,030,000	-171,000	-1.1
Alternative Payments for Standing Programs	-2,765,127	-2,995,000	-229,873	8.3
Youth Allowance Recovery	-611,000	-699,000	-88,000	14.4
<i>Sub-total Major Transfers</i>	<i>65,442,873</i>	<i>70,551,000</i>	<i>5,108,127</i>	<i>7.8</i>
Total Program Spending	83,208,350	90,357,135	7,148,785	8.6

Details

As presented in these Main Estimates, spending in social programs in 2006-2007 is estimated at \$90.4 billion, which represents by far the largest component of total program spending at 45.5%. Of this amount, \$19.8 billion or 21.9% will be for direct program spending, and \$70.6 billion or 78.1%, will be for transfer payments. Compared to the previous year, social program spending in 2006-2007 is set to increase by \$7.1 billion or 8.6%.

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

- The \$1.0 billion net increase for the Ministry of Human Resources and Skills Development is focused on increased requirements for the two departments and the Canada Mortgage and Housing Corporation.
 - The department of Human Resources and Skills Development is seeking an increase in net budgetary spending of some \$288.6 million in operating costs and grant payments. Major items in the operating area include additional funding for: the Canada Learning Bond which will provide education savings for children in families entitled to the National Child Benefit Supplement; a three-year pilot project to calculate benefits based on the best 14 weeks of earnings; and the Canada-Quebec Parental Insurance Plan¹⁷. There is also a \$226.9 million increase in grants for three items – the Canada Education Savings Grant, introduction of the Canada Learning Bond and the Canada Study Grant.
 - The Canada Mortgage and Housing Corporation is seeking a net increase of some \$41.3 million for the Renovation Rehabilitation Assistance Program and the First Nations Housing On Reserves Program.
 - The proposed spending increase of \$720.4 million for the Department of Human Resources and Skills Development (Social Development) is mainly due to an increase of \$655.1 million in contributions and other transfer payments for the Early Learning and Childhood Care Program and to the Understanding the Early Years Initiative.
- The proposed \$364.2 million increase in funding for the Department of Indian Affairs and Northern Development is in three areas: additional operating costs, mainly for the assessment, management and remediation of contaminated sites; additional capital funding primarily attributable to funding for the certificate of Indian Status and expected land purchases pursuant to the Marshall strategy; and an increase in contributions and other transfer payments to address such issues as housing, increases for ongoing Indian and Inuit programs and services and the settlement of specific and comprehensive claims and adjustments.
- The proposed \$349.7 million in increased funding for the Department of Veterans Affairs is primarily a result of a \$272.7 million increase in grants and a \$72.5 million increase in operating costs. The increase in grant funding is for Disability Awards and Allowances, and the Loss of Earnings Program, which is part of the new suite of programs for Canadian Forces members and their families under the new Veterans Charter. The rise in operating costs covers such items as an increase in other health purchased services due to growth in the number of clients and transactions, inflation and collective agreements.
- In the health area, the \$270.9 million increase focuses mainly on spending in the Department of Health, the Canadian Institutes of Health Research and the Public Health Agency.
 - In the case of Health, a net increase of \$119.7 million is being sought, with First Nations and Inuit Health requiring funding for a wide variety of initiatives ranging from measures in support of Aboriginal health to the establishment of the Territorial Medical Travel Fund and the Territorial Health Access Fund. Additional funding is also being sought to strengthen regulatory oversight for the Health Products and Food and the Healthy Environments and Consumer Safety activities.
 - The Public Health Agency is seeking an increase of \$83.5 million for a variety of items including an integrated public health strategy to reduce the impact of chronic disease by promoting healthy living,

¹⁷ This is a new plan introduced by the Quebec Government effective January 1, 2006. Up to that date, employees of the province of Quebec received their parental benefits through the Employment Insurance Program, the same as for all employees across Canada. In 2005, Quebec and Canada signed an agreement whereby Quebec would introduce its own parental insurance plan. As part of this agreement, Canada agreed that the employees and employers' contributions to the EI fund would be reduced for employees working in Quebec. Alternatively, employees and employers would pay the new premiums for the Canada-Quebec Parental Insurance Plan.

Part I – The Government Expense Plan

including specific initiatives to: combat diabetes, cancer and cardiovascular disease; improve the capacity to detect and respond to a potential pandemic influenza outbreak; address identified gaps in public health, and strengthen initiatives in support of the Canadian Strategy on HIV/AIDS in Canada.

- The Canadian Institutes of Health Research is seeking an increase of \$55.8 million, of which \$51.8 million is to help support new researchers and translate discoveries into commercial and social benefits for citizens across Canada.

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

- As part of the 10-Year Plan to Strengthen Health Care, Budget 2005 integrated the Health Reform Transfer with the Canada Health Transfer, representing a net increase of \$4.6 billion over 2005-2006. In addition, the Canada Social Transfer has been increased by \$275 million in 2006-2007, bringing the total amount to \$8.5 billion.
- Changes to both the Alternative Payments for Standing Programs and the Youth Allowances Recovery are due to an increase in the value of personal income tax points, which is a key variable in calculating these recoveries.
- Major transfers to persons are projected to increase by a net of \$1.5 billion, reflecting higher elderly benefits due to the growth in the elderly population and an increase in average benefits, which are fully indexed to quarterly changes in consumer prices. The slight decrease in Employment Insurance benefits reflects the projected decrease in the number of people eligible for benefits because of lower unemployment levels.

2 - Cultural Programs

This sector comprises those departments and agencies that deliver programs which support the growth and development of Canadian cultural life, participation and equity in Canadian society, the nation's linguistic duality and diverse multicultural heritage, and the preservation of its national parks, historic sites and heritage. These organizations include the Department of Canadian Heritage and its associated agencies as well as certain Crown corporations and departmental agencies.

Part I – The Government Expense Plan

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

Table 5: Cultural Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Canadian Heritage				
Department	1,118,042	1,384,621	266,579	23.8
Canada Council for the Arts	150,173	150,445	272	0.2
Canadian Broadcasting Corporation	982,414	1,112,039	129,625	13.2
Canadian Museum of Civilization	58,698	59,946	1,248	2.1
Canadian Museum of Nature	55,569	59,145	3,576	6.4
Canadian Radio-Television and Telecommunications Commission	5,696	5,815	119	2.1
Library and Archives of Canada	92,894	109,071	16,177	17.4
National Arts Centre Corporation	31,224	33,283	2,059	6.6
National Battlefields Commission	8,711	8,907	196	2.3
National Film Board	62,948	64,839	1,891	3.0
National Gallery of Canada	44,469	46,618	2,149	4.8
National Museum of Science and Technology	24,446	25,577	1,131	4.6
Status of Women – Office of the Coordinator	23,403	24,606	1,203	5.1
Telefilm Canada	123,874	125,042	1,168	0.9
Environment				
Parks Canada Agency	484,508	578,054	93,546	19.3
Human Resources and Skills Development				
Canadian Artists and Producers Professional Relations Tribunal	1,827	1,929	102	5.6
Transport				
National Capital Commission	88,557	91,370	2,813	3.2
Total Program Spending	3,357,453	3,881,307	523,854	15.6

Details

As presented in these Main Estimates, spending in the cultural programs sector in 2006-2007 is estimated at \$3.9 billion, representing 2.0% of total program spending. Compared to the previous year, cultural program spending in 2006-2007 is set to increase by \$523.9 million, or 15.6%.

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

- The Department of Canadian Heritage's spending is increasing by \$266.6 million or 23.8%. This is due to an increase of \$242.0 million in grants, contributions and other transfer payments and \$24.6 million in operating costs. The main components of the increase are support for the 2010 Vancouver Winter Olympics; funding for the development of athletes for winter and summer sports in support of the vision for "Own the Podium", as well as additional funding for sport participation initiatives in Canada; and the renewal of the Aboriginal People's Program.
- The Canadian Broadcasting Corporation is increasing by a net of \$129.6 million due mainly to collective agreements and a one-time increment of \$60 million to supplement its radio and television programming. This funding, which was due to sunset last year, has been renewed for an additional year.

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- Parks Canada Agency spending is increasing by \$93.5 million or 19.3% of which the major items are \$55.0 million for additional operating costs such as collective agreements and the enhancement of the agency's ability to manage ecological integrity; \$28.3 million for additional capital projects, including asset re-capitalization, the twinning of the Trans-Canada Highway through Banff National Park, and the 400th anniversary of Quebec City; and \$10.2 million for contributions under the Historic Places Initiative and the Commercial Heritage Properties Incentive Fund.
- The Library and Archives of Canada's spending is increasing by \$16.2 million for two major items – the renovation and expansion of 100 Wellington Street to accommodate the Portrait Gallery of Canada, and the fit-up and installation of two-tiered shelving for the interim collection facility in Gatineau, Quebec.

3 – Environment and Resource-based Programs

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

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

Table 6: Environment and Resource-based Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Agriculture and Agri-Food				
Department	2,153,119	2,191,678	38,559	1.8
Canadian Dairy Commission	3,202	3,513	311	9.7
Canadian Food Inspection Agency	489,031	571,529	82,498	16.9
Canadian Grain Commission	5,894	35,222	29,328	497.6
Environment				
Department	835,226	803,869	-31,357	-3.8
Canada Emission Reduction Incentives Agency	0	49,442	49,442	N/A
Canadian Environmental Assessment Agency	17,570	17,383	-187	-1.1
National Round Table on the Environment and the Economy	5,051	5,183	132	2.6
Fisheries and Oceans	1,440,052	1,513,368	73,316	5.1
Natural Resources				
Department	1,085,631	1,426,054	340,423	31.4
Atomic Energy of Canada Limited	98,838	103,749	4,911	5.0
Canadian Nuclear Safety Commission	66,330	78,671	12,341	18.6
National Energy Board	38,286	37,932	-354	-0.9
Northern Pipeline Agency	1,355	946	-409	-30.2
Total Program Spending	6,239,585	6,838,539	598,954	9.6

Details

As presented in these Main Estimates, spending in the environment and resource-based programs sector in 2006-2007 is estimated at \$6.8 billion, which represents 3.4% of total program spending. Compared to the previous year, the 2006-2007 spending in this sector is forecast to increase by \$599 million, or 9.6%.

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The following are some of the major drivers affecting the change in spending levels in the environment and resource-based programs sector:

- The Department of Natural Resources spending is increasing by a net of \$340.4 million primarily in the area of contributions and other transfer payments. Major items in this area include payments to the Newfoundland Offshore Petroleum Resource Revenue Fund and the Nova Scotia Offshore Revenue Account¹⁸, as well as funding for the Opportunities Envelope Program¹⁹, and the Wind Power Production Incentive Program (WPPI)²⁰. These requirements are partially offset by the sunseting of the Action Plan 2000 for Climate Change combined with decreases in spending on the Ethanol Expansion Program, the Emission Reduction Program, and Technology and Innovation Programs.
- The Canadian Food Inspection Agency's spending is increasing by \$82.5 million or 16.9% for increased operating costs. Major items include funding to mitigate the impact of the Bovine Spongiform Encephalopathy (BSE) crisis, and the implementation of an invasive alien species strategy for Canada.
- Fisheries and Oceans' spending is increasing by a net of \$73.3 million in operating costs. Major items include: support for activities that address foreign over-fishing in the northwest Atlantic; implementation of measures to protect Canadian aquatic resources from serious disease; and the development of an Oceans Action Plan aimed at ensuring the sustainable development and management of Canada's oceans.
- The new Canada Emission Reduction Incentives Agency, as announced in Budget 2005, has proposed spending of \$49.4 million for the purchase of domestic and international greenhouse gas emission reduction and carbon removal credits (where credits are the real and verified units of reductions in emissions or removal/sequestration of greenhouse gases). The purchase of these credits will help Canada meet its Kyoto commitment of reducing greenhouse gas emissions to 6% below 1990 levels.
- The Department of Agriculture's spending is increasing by a net of \$38.6 million, primarily for increased operating costs. These costs are being partially offset by increased revenue generation from collaborative research agreements and services. The primary driver of the operating cost increase is collective bargaining.
- The Canadian Grain Commission's spending is increasing by \$29.3 million or 497.6% due to the provisions of a special funding arrangement, which provides financial assistance to the Canadian Grain Commission in order to maintain its levels of service.
- The Department of Environment is anticipating a net decrease in spending of \$31.4 million or 3.8%, notably in operating costs, as well as \$8.6 million in reductions in contributions and other transfer payments and \$4.6 million less in revenue generation. The reduction in operating costs is primarily due to the termination of funding on several climate change projects and the reallocation of funds for implementation of the Federal Contaminated Sites Action Plan to other government departments. Similarly, the decrease in contributions and other transfer payments is due to reduced funding for a Climate Change project (the One Tonne Challenge) and the transfer of funds for another climate change project (the Opportunities Envelope) to another government department.

¹⁸ The Government of Canada uses revenue funds and accounts to return the revenue benefits of offshore development to the provinces of Newfoundland and Labrador, and Nova Scotia (Natural Resources Canada acts as a flow-through by collecting royalties to distribute to the provinces through statutory contribution programs). In accordance with the enabling legislation, statutory payments are made to the Funds in an amount equal to federal royalties, tax rentals, forfeitures, fees and the corporate offshore income tax revenues generated (as determined by Canada Revenue Agency).

¹⁹ This 3-year \$160 million program was intended to allow the federal government to contribute funds to proposed provincial and territorial initiatives that will result in cost-effective reductions in greenhouse gas emissions within their jurisdictions.

²⁰ Launched in Budget 2001, the goal of the WPPI is to stimulate the development of new wind power capacity by providing an incentive on a per-kilowatt hour basis to electricity producers.

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4 - Industrial, Regional and Scientific-Technological Support Programs

This sector comprises those departments, agencies and Crown corporations that deliver programs which foster economic growth and job creation through measures that stimulate private-sector investment across Canada, encourage regional development, improve the country's innovation performance, and promote a stronger science and technology capability in Canada. These organizations include Industry, the three regional development agencies, and Crown corporations, including Enterprise Cape Breton Corporation and the Cape Breton Development Corporation, as well as a number of departmental agencies.

Table 7 breaks down planned spending on industrial, regional and scientific-technological support programs by department, corporation and agency, as follows:

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

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Atlantic Canada Opportunities Agency				
Department	437,912	381,748	-56,164	-12.8
Enterprise Cape Breton Corporation	8,645	8,650	5	0.1
Economic Development Agency for the Regions of Quebec	444,090	381,595	-62,495	-14.1
Human Resources and Skills Development				
Canada Industrial Relations Board	11,906	12,396	490	4.1
Industry				
Department	1,330,995	1,197,582	-133,413	-10.0
Canadian Space Agency	341,614	374,093	32,479	9.5
Canadian Tourism Commission	78,823	76,526	-2,297	-2.9
Competition Tribunal	1,634	1,686	52	3.2
Copyright Board	2,514	2,580	66	2.6
National Research Council of Canada	641,696	692,421	50,725	7.9
Natural Sciences and Engineering Research Council	829,232	885,258	56,026	6.8
Social Sciences and Humanities Research Council	547,284	581,321	34,037	6.2
Standards Council of Canada	6,924	7,529	605	8.7
Natural Resources				
Cape Breton Development Corporation	56,905	66,211	9,306	16.4
Transport				
Office of Infrastructure of Canada	793,978	1,844,624	1,050,646	132.3
Western Economic Diversification	392,692	315,531	-77,161	-19.6
Total Program Spending	5,926,844	6,829,751	902,907	15.2

Details

As presented in these Main Estimates, spending in the industrial, regional and scientific-technological support programs sector in 2006-2007 is estimated at \$6.8 billion, which represents 3.4% of total program spending. Compared to the previous year, the spending level in 2006-2007 is set to increase by \$902.9 million, or 15.2%.

The following are some of the major drivers affecting the change in spending levels in the industrial, regional and scientific-technological support programs sector.

- Funding for the Office of Infrastructure of Canada is forecast to increase by \$1.1 billion, with the primary cause being an increase of \$592.5 million for the Gas Tax Fund. Additional expenditures totalling \$422.4 million are

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allocated amongst the various Infrastructure Funds, (i.e., Canada, Municipal, Border) and reflect the priority to achieve a growing and productive economy. Also reflected is an increase of \$18.8 million for operating payments to the Old Port of Montreal Corporation Inc.

- In the case of the National Research Council of Canada, the Natural Sciences and Engineering Research Councils and the Social Sciences and Humanities Research Councils, their total spending will be increasing by \$140.8 million with most of the funding going towards grant payments to build on Canada's continuing support of research and the strengthening of research and innovation in Canada.
- The Canadian Space Agency's spending is increasing by a net of \$32.5 million, of which \$22.1 million is in operating costs and the remainder in capital and contributions and other transfer payments. The operating increase results from programming changes caused by the nature of the space business (e.g., high technological risks, schedule uncertainties/delays, long-term development cycles). Increased funding for capital is for the implementation of the new Synthetic Aperture Radar Constellation Program. The additional contribution and other transfer payments are to meet the cash flow requirements of Canada's participation in European Space Agency programs.
- Major decreases totalling \$331.5 million are impacting on sector spending in the following areas:
 - Largely due to a \$192.6 million decrease in contributions and other transfer payments and an expected reduction in revenues of \$11.2 million, Industry Canada is estimating a net decrease of \$133.4 million in spending on a number of initiatives, including: the Canada-Ontario Infrastructure Program, Structured Financing Facility to support Canadian shipbuilding, Technology Partnerships Canada, Community Access Program, SchoolNet, Youth Employment Strategy, Economic Development in Eastern Ontario, and Market Access for Least Developed Countries.
 - The three regional development agencies: Western Economic Diversification, Economic Development Agency of Canada for the Regions of Quebec, and the Atlantic Canada Opportunities Agency are showing a net decrease of \$195.8 million due mainly to a reduction in contributions and other transfer payments as a result of a reduction in resources for the Infrastructure Canada Program as projects are completed.
 - In the case of the West, the reduction is partially offset by increased spending for commemorative legacy projects related to the Alberta and Saskatchewan Centennials, and \$26.5 million for the Stronger West Initiative;
 - In Quebec, the reduction is partially offset by new spending in support of innovation and the knowledge economy, investments to improve the competitiveness of enterprises and the vitality of communities, and investments to improve the cost-competitiveness, productivity and sustainability of the textiles industry; and
 - In Atlantic Canada, the reduction reflects the phasing out of the Strategic Community Investment Fund, and a delay in project disbursements under the Atlantic Innovation Fund. This reduction is partially offset by new funding for the Innovative Communities Fund and the Community Futures Program.

5 - Transportation Programs

This sector comprises those departments, agencies and Crown corporations that deliver transportation programs. These organizations include the Department of Transport, the Canadian Transportation Agency, the Canadian Transportation Accident Investigation and Safety Board of Canada (which reports through the Privy Council Office)

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and the Transportation Appeal Tribunal of Canada; and those administered by Crown corporations, including VIA Rail Canada and Marine Atlantic Inc.

Table 8 breaks down planned spending on transportation programs by department, corporation and agency, as follows:

Table 8: Transportation Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Transport				
Department	828,457	755,357	-73,100	-8.8
Canadian Transportation Agency	24,383	26,817	2,434	10.0
Transportation Appeal Tribunal of Canada	1,303	1,329	26	2.0
Jacques Cartier and Champlain Bridges Inc.	32,188	30,488	-1,700	-5.3
Marine Atlantic Inc.	24,533	80,980	56,447	230.1
VIA Rail Canada Inc.	169,001	169,001	0	0.0
Canadian Air Transport Security Authority	438,400	381,366	-57,034	-13.0
Privy Council				
Canadian Transportation Accident Investigation and Safety Board	27,602	29,138	1,536	5.6
Total Program Spending	1,545,867	1,474,476	-71,391	-4.6

Details

As presented in these Main Estimates, spending in the transportation programs sector in 2006-2007 is estimated at \$1.5 billion, which represents less than 1% of total program spending. Compared to the previous year, this sector's spending in 2006-2007 is set to decrease by \$71.4 million, or 4.6%.

This overall net decrease is a result of a reduction of some \$192.2 million in capital, contributions and other transfer payments and revenue increases, offset by an increase of \$116.2 million in operating costs. Major factors include:

- An increase of \$54.0 million to cover the Marine Atlantic Inc operating shortfall;
- A decrease of \$102.0 million to the highway component of the Strategic Highway Infrastructure Program as most provinces are entering the final phase of the program;
- A \$31.2 million decrease for the sunseting of the Port Divestiture fund which was designed to let local communities and other interested groups acquire certain public ports in their areas, thereby allowing people who understand local requirements to make key decisions about their ports. This local accountability contributes to the development of a more effective and efficient port system;
- A \$15.0 million decrease for the sunseting of the contribution to the Canadian Wheat Board for the acquisition and leasing of hopper cars;
- A net decrease of \$57.0 million in funding levels for the Canadian Air Transport Security Authority due primarily to a decrease of \$122.8 million for the near completion of the installation of pre-board screening equipment and explosive detection systems at 89 designated airports, offset by a \$65.8 million increase in planned expansion projects at Vancouver and Pearson international airports.

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6 - Justice and Legal Programs

This sector comprises those departments and agencies that deliver programs covering the administration of justice and law enforcement. These organizations include the Department of Justice and all of its associated agencies, as well as the Office of Indian Residential Schools Resolution.

Table 9 breaks down planned spending on justice and legal programs by department and agency, as follows:

Table 9: Justice and Legal Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Canadian Heritage				
Office of Indian Residential Schools Resolution	121,070	208,611	87,541	72.3
Justice				
Department	924,865	915,752	-9,113	-1.0
Canadian Human Rights Commission	22,380	21,005	-1,375	-6.1
Canadian Human Rights Tribunal	4,698	4,352	-346	-7.4
Commissioner for Federal Judicial Affairs	351,731	359,632	7,901	2.2
Courts Administration Service	53,536	62,547	9,011	16.8
Law Commission of Canada	3,142	3,193	51	1.6
Offices of the Information and Privacy Commissioners of Canada	10,209	24,479	14,270	139.8
Supreme Court of Canada	27,153	27,824	671	2.5
Total Program Spending	1,518,784	1,627,395	108,611	7.2

Details

As presented in these Main Estimates, spending in the justice and legal programs sector in 2006-2007 is estimated at \$1.6 billion, which represents less than 1% of total program spending. Compared to the previous year, this sector's spending in 2006-2007 is set to increase by \$108.6 million, or 7.2%.

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

- The \$87.5 million increase in spending for the Office of Indian Residential Schools Resolution of Canada is required to cover an expected increase in the number of settlements reached, and to continue to support both the National Resolution Framework and other activities designed to address the legacy of Indian Residential Schools.
- The \$14.3 million increase in spending for the Offices of the Information and Privacy Commissioners of Canada includes \$11.3 million for the Office of the Privacy Commissioner of Canada to cover, among other things, activities for the administration and carrying out of responsibilities under the *Personal Information Protection and Electronic Documents Act* and the *Privacy Act*; and \$2.8 million for the Office of the Information Commissioner of Canada to address investigations and reviews and provide other related services.
- The \$9.0 million increase for the Courts Administration Service is for a variety of items including collective agreements, reductions to the inventory of citizenship grant and proof applications as well as sponsorship applications, and fit-up costs for the Federal Judicial Centre in Toronto.
- The Office of the Commissioner for Federal Judicial Affairs is also increasing its funding levels by \$7.9 million due to the increase in the statutory requirement relating to judges' salaries, allowances and annuities. This

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increase will allow for an increase in the number of judicial appointments, as well as an increase in the overall average pension amount being paid to pensioners in accordance with the *Judges Act*.

- There is a net decrease of \$9.1 million in funding for the Department of Justice. This is due to a reduction of \$42.2 million in contributions and other transfer payments – mainly as a result of the sunset of funding for Canada's Legal Aid Renewal Strategy, offset by a \$33.3 million net increase in operating costs.
- The \$1.4 million decrease in funding for the Canadian Human Rights Commission is mainly as a result of the sunset of funding for the Commission's participation in the hearings of two pay equity complaints before the Canadian Human Rights Tribunal.

7 - Security and Public Safety Programs

This sector comprises those departments and agencies that deliver programs which are intended to close security gaps and ensure that the country's national interests and citizens are protected from risks to personal safety ranging from crime or naturally occurring events such as severe blizzards, floods or forest fires, to threats to national security from terrorist activity. These organizations include the Security Intelligence Review Committee of the Privy Council Office, and the portfolio of Public Safety and Emergency Preparedness, including the Royal Canadian Mounted Police; the Canadian Security Intelligence Service; the Canada Border Services Agency; the Canada Firearms Centre; the Correctional Service of Canada; and the National Parole Board.

Table 10 breaks down planned spending on security and public safety programs by department and agency, as follows:

Table 10: Security and Public Safety Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Privy Council				
Security Intelligence Review Committee	2,796	2,900	104	3.7
Public Safety and Emergency Preparedness				
Department	430,818	458,092	27,274	6.3
Canada Border Services Agency	1,021,744	1,293,533	271,789	26.6
Canadian Firearms Centre	82,284	83,595	1,311	1.6
Canadian Security Intelligence Service	292,092	346,148	54,056	18.5
Correctional Service	1,597,238	1,709,353	112,115	7.0
National Parole Board	31,767	43,057	11,290	35.5
Office of the Correctional Investigator	2,919	3,114	195	6.7
Royal Canadian Mounted Police	1,863,287	2,077,658	214,371	11.5
Royal Canadian Mounted Police External Review Committee	879	895	16	1.8
Royal Canadian Mounted Police Public Complaints Commission	4,685	6,303	1,618	34.5
Total Program Spending	5,330,509	6,024,648	694,139	13.0

Details

As presented in these Main Estimates, spending in the security and public safety programs sector in 2006-2007 is estimated at \$6.0 billion, which represents 3.0% of total program spending. Compared to the previous year, this sector's spending in 2006-2007 has increased by \$694.1 million, or 13.0 %.

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

- The significant increase of \$271.8 million in the budget of the Canada Border Services Agency is due to major new items in the operating budget such as: increasing operational capacity; updating the Primary Automated Lookout System used to verify license plates of vehicles entering Canada; implementing a number of national security policy initiatives; and a variety of other border security and border management related initiatives. In addition, further resources are being transferred from the Canada Revenue Agency as a result of the December 2003 reorganization, which created the Agency.
- The Royal Canadian Mounted Police's increase of \$214.4 million in net funding is a result of increases of \$275.3 million in operating costs, \$63.1 million in capital costs, and a \$7.2 million in grants, which are offset by additional revenues of \$131.2 million. The additional operating costs cover such items as collective agreements, additional funding for the Integrated Proceeds of Crime Initiative, funding to implement new technology and technical solutions associated with the lawful interception of private communications, and additional funding to secure Canada's maritime transportation system. Additional capital costs include \$43.8 million in funding to address shortfalls related to the costs of providing contract-policing services.
- The proposed funding for the Correctional Service of Canada reflects an increase of \$112.1 million. This increase is due to major additions in the operating and capital budgets such as: adjustments to the maintenance and housing costs of offenders; the development and implementation of Strengthening Community Safety and Effective Correction Initiatives; funding for the Federal Environmental Contaminated Sites Project and the *Public Service Modernization Act*; and the implementation of a health information management module.
- The Department of Public Safety and Emergency Preparedness' net spending increase of \$27.3 million is mainly the result of Emergency Management Initiatives and funding for the renewal of Community Safety and Crime Prevention. Offsets to total spending requirements include a \$40.0 million reduction for contributions to the provinces for assistance related to natural disasters.
- The \$11.3 million increase in spending for the National Parole Board is largely in support of the conditional release program, to cover the financial impact of amendments to the *Corrections and Conditional Release Act* to strengthen community safety, and to improve the integration of offenders into the community.

8 – International, Immigration and Defence Programs

This sector comprises those departments and agencies that deliver programs which support the security of Canadians, defend Canadian interests, promote a stable international environment and project Canadian values and culture in world affairs. These organizations include Citizenship and Immigration, the Department of Foreign Affairs and International Trade and its associated agencies, the Department of Finance and National Defence.

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Table 11 breaks down planned spending on international affairs, immigration and defence programs by department, corporation and agency, as follows:

Table 11: International Affairs, Immigration and Defence Programs

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Citizenship and Immigration				
Department	833,924	1,226,775	392,851	47.1
Immigration and Refugee Board of Canada	111,996	117,375	5,379	4.8
Foreign Affairs and International Trade				
Department (Foreign Affairs)	1,798,521	1,941,133	142,612	7.9
Department (International Trade)	190,264	203,895	13,631	7.2
Canadian Commercial Corporation	16,399	15,969	-430	-2.6
Canadian International Development Agency	2,769,020	2,935,587	166,567	6.0
International Development Research Centre	116,086	133,092	17,006	14.6
International Joint Commission	7,116	5,810	-1,306	-18.4
NAFTA Secretariat, Canadian Section	2,956	2,991	35	1.2
Finance				
International Assistance – Transfer Payments ²¹	1,188,540	725,869	-462,671	-38.9
Canadian International Trade Tribunal	9,552	10,005	453	4.7
National Defence				
Department	13,425,031	14,789,222	1,364,191	10.2
Canadian Forces Grievance Board	6,210	6,407	197	3.2
Military Police Complaints Commission	4,176	3,416	-760	-18.2
Total Program Spending	20,479,791	22,117,546	1,637,755	8.0

Details

As presented in these Main Estimates, spending in this sector for 2006-2007 is estimated at \$22.1 billion, which represents 11.1% of total program spending. Compared to the previous year, this sector's spending in 2006-2007 has increased by \$1.6 billion, or 8.0 %.

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

- The Department of National Defence's proposed net spending increase of \$1.4 billion is the primary reason for the increase in the sector's spending. The additional funds are: to improve the sustainability of the Canadian Forces as per Budget 2005; provide for military and civilian pay raises; support operations in Afghanistan; to partially cover inflationary increases; to expand the Canadian Forces as per Budget 2005; to cleanup contaminated sites; and for recruitment advertising.
- Citizenship and Immigration is seeking an additional \$392.9 million, with the bulk of the new funding requirements being \$274.4 million in contributions and other transfer payments. The department is also seeking an additional \$103.8 million in operating costs and \$14.6 million in grants. Major items in the contributions and other transfer payments area are related to a transfer from Human Resources and Skills Development for the Toronto Waterfront Revitalization Initiative (responsibility for which is to be transferred to the Treasury

²¹ International Assistance figures for Finance include: grants and contributions to international financial organizations to meet commitments made by Canada under multilateral debt reduction agreements, and transfer payments to international financial organizations (Payments to the International Development Association and International Monetary Fund's Poverty Reduction and Growth Facility).

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Board Secretariat), the new Canada-Ontario Immigration Agreement and additional settlement funding to improve immigrant outcomes. On the operating side, major items include funding for: short-term immigration pressures; the Interim Federal Health program for refugee claimants; and the new Canada-Ontario Immigration Agreement. The additional funding for grants is related to escalation under the Canada-Quebec Accord.

- Canadian International Development Agency's budgetary funding levels are increasing by a net of \$166.6 million. Most of this increase is associated with five major items: the funding of initiatives in Sudan and Haiti as well as the Canadian Police Arrangement and the Public Sector Governance Initiative; the Asian Development Bank; Canada's response to the Asian tsunami disaster; peace and security efforts in the Darfur region of Sudan; and funding for additional grants for the UN Peacebuilding Fund, Avian Flu Initiative and the UN Central Emergency Revolving Fund.
- The \$142.6 million increase in spending for the Department of Foreign Affairs and International Trade (Foreign Affairs) is the result of increases in two areas: operating costs, and contributions and other transfer payments. In the operations area, major funding requirements include global peace and security initiatives, Passport services, locally engaged staff salary increases, and the building of counter terrorism capacity. In the area of contributions and transfer payments, major increases include funding for non-assessed contributions, the Global Peace And Security Fund and United Nations peacekeeping operations. These amounts are partially offset by decreases in assessed contributions and The Global Partnership Program.
- The Department of Finance plans to decrease its international assistance by \$462.7 million, primarily because debt forgiveness for Iraq, Serbia and Montenegro was delivered in 2005-2006 in accordance with the government's commitments in this area.

9 - Parliament and the Governor General

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

The Senate Ethics Officer was created in 2005 to enhance public confidence and trust in the integrity of Members of the Senate as well as the respect and confidence that society places in the Senate as an institution.

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

Table 12 – Parliament and Governor General Spending

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Governor General	19,060	19,236	176	0.9
Parliament				
The Senate	80,606	84,276	3,670	4.6
House of Commons	383,221	400,324	17,103	4.5
Library of Parliament	32,105	33,986	1,881	5.9
Office of the Ethics Commissioner	4,675	5,051	376	8.0
Senate Ethics Officer	0	957	957	N/A
Total Program Spending	519,667	543,830	24,163	4.6

Details

As presented in these Main Estimates, spending in this sector in 2006-2007 is estimated at \$543.8 million, which represents 0.3% of total program spending. Compared to the previous year, this sector's spending is set to increase by \$24.2 million, or 4.6 %.

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

- An increase of \$17.1 million for the House of Commons, specifically:
 - \$7.7 million for Members' and House Officers' budgets, including the related employer's share of contributions to employee benefit plans, and supporting Members in committees, international and interparliamentary activities, and the Chamber; and
 - \$9.4 million in salaries, including the related employer's share of contributions to employee benefit plans.
- An increase of \$3.7 million for the Senate, specifically:
 - \$2 million for increases in Senators' research budgets, Political Officers' budgets, parliamentary associations and committees; and
 - \$1.3 million for Senators' indemnities and related pension contributions and additional administration costs for annual salary increases.
- \$957 thousand to support the activities of the new Senate Ethics Officer; and
- \$176 thousand for the Governor General mostly due to an increase in annuities payable under the *Governor General's Act* resulting from the addition of a former Governor General.

10 - General Government Services

This sector comprises those departments and agencies that provide central services to support the internal operations of government and includes, under the Department of Finance, fiscal equalization and transfers to Territorial governments. These organizations include Finance, Privy Council, Public Works and Government Services, and Treasury Board as well as a number of departmental agencies.

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Table 13 breaks down planned spending on government services by department, corporation and agency, as follows:

Table 13: General Government Services

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Canadian Heritage				
Public Service Commission of Canada	88,527	106,017	17,490	19.8
Public Service Labour Relations Board	10,570	17,924	7,354	69.6
Public Service Staffing Tribunal	4,113	5,244	1,131	27.5
Canada Revenue Agency	3,028,896	3,228,253	199,357	6.6
Finance				
Department	210,486	220,737	10,251	4.9
Auditor General of Canada	71,801	73,748	1,947	2.7
Financial Transactions and Reports Analysis Centre	30,682	31,128	446	1.5
Office of the Superintendent of Financial Institutions	755	768	13	1.7
Industry				
Statistics Canada	510,706	601,243	90,537	17.7
Privy Council Office				
Department	141,288	146,721	5,433	3.8
Canadian Intergovernmental Conference Secretariat	6,316	6,432	116	1.8
Chief Electoral Officer	83,839	87,226	3,387	4.0
Commissioner of Official Languages	18,365	19,129	764	4.2
Public Works and Government Services	2,483,685	2,573,295	89,610	3.6
Treasury Board				
Secretariat	2,579,414	2,598,226	18,812	0.7
Canada School of Public Service	53,460	111,185	57,725	108.0
Public Service Human Resources Management Agency	86,720	106,880	20,160	23.2
Transport				
Canada Post Corporation	172,210	147,210	-25,000	-14.5
Sub-Total Direct Program Spending	9,581,833	10,081,366	499,533	5.2
Major Transfers (Finance):				
Fiscal Equalization	9,510,000	11,282,000	1,772,000	18.6
Territorial Governments	1,800,000	0	-1,800,000	-100.0
Territorial Financing	0	2,070,000	2,070,000	N/A
Sub-Total Major Transfers	11,310,000	13,352,000	2,042,000	18.1
Total Program Spending	20,891,833	23,433,366	2,541,533	12.2

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Details

As presented in these Main Estimates, spending in the general government services sector for 2006-2007 is estimated at \$23.4 billion, which represents 11.8% of total program spending. Of the \$23.4 billion, \$10.1 billion or 43.0%, will be for direct program spending and the remainder will be for transfer payments. Compared to the previous year, this sector's total spending in 2006-2007 has increased by \$2.5 billion, or 12.2%.

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

- The Canada Revenue Agency's increase in net spending of \$199.4 million is a result of an overall increase of \$297.6 million in operating costs and \$20.0 million in grants, which is being partially offset by a reduction in contributions and other transfer payments and an increase in revenue. Major items contributing to the increase in operating costs include the reclassification of the payment to the Province of Quebec for the joint administration of the Federal/Provincial sales tax and a variety of legislative, policy and operational initiatives arising from the 2004 and 2005 Federal Budgets. The additional \$20.0 million in grants is for the Children's Special Allowance Program for children in the care of specialized institutions.
- Statistics Canada's net increase of \$90.5 million is essentially due to preparations for the 2006 Census of Population, and collective agreements. These requirements have been partially offset by several reductions, the most significant being \$19.5 million as a result of the sunset of the Statistical Gap II Program which provided information on knowledge-based economy, economic growth, social cohesion, human development and global challenges and opportunities.
- Proposed higher net spending of \$89.6 million for Public Works and Government Services is primarily due to an increase of \$114.4 million in operating costs and \$14.7 million in capital spending. Major items contributing to the increase in operating costs include: the funding of several new projects such as a government electronic tendering service, fairs and exhibits, a disaster recovery backup site, Crown assets distribution; funding for contaminated sites; supporting the delivery of common services to the public and the Government of Canada as a whole; the Receiver General function; and the business transformation of the government procurement process. These spending requirements are partially offset by an increase in revenues.
- The Canada School of Public Service's increase in spending is mainly to support training and development for employees at all levels in the Federal Public Service.
- Public Service Human Resources Management Agency's \$20.2 million net increase in spending reflects additional resources for implementation of the *Public Service Modernization Act* and funding to support the passage and implementation of the *Public Servants Disclosure Protection Act* as well as to address pressures on the Office of Values and Ethics to provide leadership and advice. These requirements are offset by a \$16.2 million reduction in contributions and other transfer payments as a result of cost savings from the integration of the Youth Internship Program and the Youth Employment Strategy.
- Treasury Board Secretariat's net increase of \$18.8 million is mainly due to an increase for contributions to the new Canada-Quebec Parental Insurance Plan that will replace EI in Quebec as the provider of parental benefits to all employees of the province of Quebec as well as additional resources to finance new demands and resource pressures related to the increased responsibilities and workload of the Comptroller General and Chief Information Officer.
- The Public Service Commission's increase of \$17.5 million or 19.8% is based on a \$23.5 million increase in operating costs, partially offset by a revenue increase of \$6.0 million. The additional operating costs include funding for items such as support of the *Public Service Modernization Act* and recruitment.

Part I – The Government Expense Plan

Non-Budgetary Main Estimates – A net \$567.2 million decrease

The non-budgetary spending in the 2006-2007 Main Estimates amounts to \$1.12 billion. This represents a decrease of \$567.2 million compared to the 2005-2006 Main Estimates.

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

Table 14 – Non-budgetary Main Estimates

(\$ thousands)	Main Estimates		Change in Spending	
	2005-2006	2006-2007	\$	%
Canadian Heritage				
Department	10	10	0	0.0
Foreign Affairs and International Trade				
Department (International Trade)	653,000	209,000	-444,000	-68.0
Canadian International Development Agency	7,110	39,270	32,160	452.3
Finance				
Department ²²	108,923	7,471	-101,452	-93.1
Human Resources and Skills Development				
Department (Human Resources and Skills Development)	1,040,800	981,456	-59,344	-5.7
Canada Mortgage and Housing Corporation	-199,622	-198,472	1,150	0.6
Indian Affairs and Northern Development				
Department	79,045	80,843	1,798	2.3
Industry				
Department	800	800	0	0.0
Transport				
Office of Infrastructure Canada	0	2,492	2,492	N/A
Total Non-budgetary Spending	1,690,066	1,122,870	-567,196	-33.6

Details

The following are key drivers of the changes in non-budgetary expenditures for 2006-2007:

- Canadian International Development Agency's spending has increased by \$32.2 million over the previous year, due mostly to investment contributions to the Canadian Investment Fund for Africa.
- International Trade's decrease of \$444 million is due to a decrease in non-budgetary statutory payments to Export Development Canada. This amount reflects a decrease of \$395 million in loan disbursements due to delays in aircraft deliveries to airlines and a \$49 million increase in loan repayments.
- The decrease of \$101.5 million in payments by the Department of Finance to various international financial institutions is due mostly to reductions in loans issued to the International Monetary Fund's Poverty Reduction and Growth Facility.
- The decrease of \$59.3 million in non-budgetary spending by Human Resources and Skills Development is due to a decrease of loans negotiated under the *Canada Student Financial Assistance Act* as a result of the impact of loan reimbursements from borrowers on the loan portfolio.

²² Non-budgetary statutory spending by the Department of Finance reflects the agreed schedule of Canada's payments to International Organizations (European Bank for Reconstruction and Development – International Monetary Fund).