

INTRODUCTION

The Purpose of the Estimates

The 2008-09 Estimates set out details of the operating and capital spending requirements of Ministries for the fiscal year commencing April 1, 2008. The Estimates constitute the Government's formal request to the Legislature for approval of the amounts involved. All expenditures from the Consolidated Revenue Fund must be authorized by an appropriation, either through the *Supply Act* or other legislation.

The proposed *Interim Appropriation Act, 2008* would authorize expenditures for the fiscal year commencing on April 1, 2008 up to specified maximum amounts. The expenditures would have to be applied in accordance with the votes and items set out in the Estimates and Supplementary Estimates for the fiscal year commencing on April 1, 2008 as tabled in the Assembly.

If enacted, *the Interim Appropriation Act, 2008* would, subject to the approval of the Legislature, be repealed upon the enactment of the *Supply Act* for the fiscal year commencing on April 1, 2008.

The Estimates are required to be tabled no more than 12 sitting days after a Budget is presented. The Standing Committee on Estimates considers the Estimates of between 6 and 12 Ministries or offices. Once approved by the Legislature in the *Supply Act*, the Estimates become the legal spending authority for each Ministry.

The Votes and Items contained in the Estimates provide a framework for legislative control of public spending, which must be consistent with the purpose of each Vote and Item and cannot exceed Voted totals without legislative authority.

Format of the Estimates

The Expenditure Estimates of the Province of Ontario is comprised of two or more separate volumes/publications:

Volume 1: Volume 1 is the Main Estimates, which detail the spending plans of each Ministry for the fiscal year.

Volume 2: Volume 2 of the Estimates sets out the spending plans of the Board of Internal Economy offices, i.e., Office of the Assembly, Office of the Chief Election Officer, Ombudsman Ontario, and Office of the Auditor General.

Supplementary Estimates: Where it is necessary to seek the Legislature's approval for additional expenditures after the tabling of the Main Estimates, Supplementary Estimates may be tabled.

The Estimates for each Ministry or office are categorized as Operating Expense, Operating Assets, Capital Expense and Capital Assets. The spending plans within these categories are further classified as Votes, Items, Standard Accounts and Statutory Appropriations.

The Votes are major programs which Ministries are responsible for delivering. Each Vote is identified by a unique Vote number within the Estimates. Votes in turn are sub-divided into Items in order to distinguish between their different functions or services. This Vote/Item structure permits the Legislature to be more specific in appropriating funds to particular services. Items may be further sub-divided into sub-items, which can provide additional information on the Program/Function, if necessary.

In the Estimates, Statutory Appropriations are shown subsequent to the total amounts to be voted in the "Ministry Program Summary", "Vote Summary" and "Standard Account Classification" sections. Statutory Appropriations represent payments pursuant to a specific legislative authority and are not included in the *Supply Act*.

Within each Item and Statutory Appropriation, expenditures are detailed by standard account, i.e., Salaries and Wages, Employee benefits, Transportation and Communication, Services, Transfer payments, etc. (see Terms and Definitions Used).

Each Ministries' detailed section of the Estimates begins with a "Ministry Program Summary" table providing a high-level perspective of each Ministries' planned spending, listing all Votes/Programs showing total amounts to be voted, then adding Statutory Appropriations and consolidations and other adjustments. Following the "Ministry Program Summary" is a Vote Summary table for each Vote, listing each Item and Statutory Appropriation details within that Vote. Subsequent to the Vote-Item listing is a breakdown of each Vote-Item and Statutory Appropriation by standard account.

For comparative purposes, Estimates and Actual amounts for prior years are provided on "Ministry Program Summary" and Vote Summary pages. These amounts are restated to provide comparability where functional reorganizations and transfers, Supplementary Estimates or accounting changes have occurred. Restatement to previously published data is shown in a separate table following each Ministry's section in the Estimates.

Consolidation adjustments are provided on each "Ministry Program Summary" page, where applicable. The adjustments reconcile the spending requests of Ministries as set out in the Estimates to the annual Budget, which is prepared on a consolidated basis. For Broader Public Sector organizations, consolidation adjustments reflect the difference between the relevant consolidated sector net expense and the expenses already included in the Estimates primarily in the form of transfer payments. For other government organizations, the adjustments equal these organizations' gross expenses less their provincial grants. A final total of Operating and Capital expenses plus Statutory Appropriations and consolidations and other adjustments completes the picture of total Ministry spending (excluding assets).

Following the Ministry sections are 12 summary tables listing operating, capital, and total operating and capital Estimates totals for all Ministries.

Estimates Accounting Policies

Since 2003-04, the Estimates have been prepared on the accrual basis of accounting.

As noted above, the Budget is prepared on a consolidated basis and the Estimates are adjusted to reconcile with the Budget totals for each Ministry. Consolidation combines the Items of Ministries with those of other government organizations, i.e., agencies, boards and commissions.

Content and Presentation Changes

As in the previous year, the cover of the Estimates is visually linked to the cover of the Budget to make more evident the connection between the two documents as elements of the same process in the continuum of financial reporting.

Terms and Definitions Used

Special Warrants

Special Warrants are issued to authorize payments for the purpose of general and necessary government expenditures when the Legislature is not in session. The amounts provided by the Special Warrant in 2007-08 fiscal year are deducted from the total amounts for each program to determine the amounts to be voted.

Cost Recovery Items

In cases where the anticipated recovery of costs of an Item is equal to or greater than the expenditures, the balance of the Item is shown at the nominal value of \$1,000.

Standard Accounts

Spending is forecast for the fiscal year 2008-09 under Standard Accounts at the Item level. The descriptions of the contents of the Standard Accounts given below are intended to serve as brief outlines only and should not be considered all inclusive.

Salaries and Wages

Includes salaries and wages, overtime and other remuneration paid to regular, probationary, unclassified and other staff; temporary help costs; indemnities and allowances paid to Members of the Legislative Assembly; and special allowances paid to employees.

Employee Benefits

Includes the government's contribution as an employer to the Canada Pension Plan; the Ontario Public Service Employees' Union Pension Plan; the Public Service Pension Plan; Employment Insurance; the Workplace Safety and Insurance Board; and other employee benefit plans.

Transportation and Communication

Includes traveling expenses of employees on government business and recipients of government services, such as wards of the province; relocation expenses of employees who transferred or recruited; expenses of moving office furniture and equipment; costs of transportation of goods other than for initial delivery; mailing costs, such as postage and registration; and communication costs, such as telephone and data communications.

Services

Includes information services, such as, advertising and communication services provided by professional agencies and advertising placed directly with the media; rental and purchased repair and maintenance of machinery, equipment, buildings, land and engineering structures; data processing services; insurance premiums; and other professional and special services.

Supplies and Equipment

Includes provision for the purchase of all machinery and equipment including motor vehicles and computers, both new and used; and the purchase of all materials, supplies and utilities.

Transfer Payments

Includes grants, subsidies, assistance to persons; the business sector; non-commercial institutions; and other government bodies.

Other Transactions

Includes special transactions, such as interest incentives and subsidies; guarantees honoured; losses on loans; and repayable grants.

Assets are balance sheet accounts which require an appropriation in the Estimates. Asset categories include the following:

Deposits and Prepaid Expenses

Includes payments in advance of receiving related goods or services or in advance of being earned by transfer payment recipients, and which will be recorded in a non-asset standard account in a future fiscal year.

Advances and Recoverable Amounts

Includes payments to transfer payment recipients that will be repaid to the Province in a future fiscal year.

Loans and Investments

Includes payments to debtors under loan agreements and investments in the shares of Crown corporations or other entities.

Tangible Capital Assets

Includes acquisition and construction of buildings and roads; and the acquisition of land.

Statutory Appropriations

Statutory Appropriations represent payments pursuant to a specific legislative authority and are not included in the *Supply Act*. Statutory Appropriations are included in the Estimates for information purposes and are not voted by the Legislature. Amounts required for Statutory Appropriations are shown, where applicable, as separate entries under the Standard Accounts Classifications details relating to each Item.

Sources of Additional Information:Public Accounts

Comprised of 3 volumes containing the Consolidated Revenue Fund schedules, ministry statements showing actual expenses, financial statements of significant provincial crown corporations, boards and commissions, and detailed schedules of payments made from the Consolidated Revenue Fund by Ministries to vendors and transfer payment recipients.

<http://www.fin.gov.on.ca/english/budget/paccts/>

Results-based Plan Briefing Books

Published annually by each Ministry, following the Ontario Budget and publication of the Estimates. The Plans highlight what each Ministry has done over the previous year, what is planned for the coming year, what targets have been set and how results will be measured. The Standing Committee on Estimates uses the Results-based Plan Briefing Books when they ask Ministries to defend their Estimates.

Ontario Budget

The Ontario Government presents a Budget each year, usually in the early spring. This document outlines expected expense and revenue for the upcoming fiscal year.

<http://ontariobudget.ca/english/>