

## INTRODUCTION

### **The Purpose of the Estimates**

The 2009-10 Estimates set out details of the operating and capital spending requirements of Ministries for the fiscal year commencing April 1, 2009. 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 Estimates are required to be tabled no more than twelve sitting days after a Budget is presented. The Standing Committee on Estimates considers the Estimates of between six and twelve 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.

To allow the government to continue to operate after the beginning of a fiscal year and pending the approval of the Estimates and the enactment of the *Supply Act* for that fiscal year, interim spending authority is required. The *Interim Appropriation for 2009-2010 Act, 2008* authorizes expenditures for the fiscal year commencing on April 1<sup>st</sup> up to specified maximum amounts. These expenditures must 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<sup>st</sup> as tabled in the Assembly.

In addition, to allow the government to continue to operate after the authority under the Act, is depleted, the proposed *Supplementary Interim Appropriation for 2009-2010 Act, 2009* would provide additional interim spending authority for the balance of the fiscal year, up to specified maximum amounts. These 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<sup>st</sup> as tabled in the Assembly.

As their titles indicate, the *Act*, and the proposed Supplementary Act, (if enacted), are not intended to be permanent statutes. Subject to the approval of the Legislature, these statutes would be repealed upon the enactment of the *Supply Act* for the fiscal year commencing on April 1, 2009.

### **Format of the Estimates**

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

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

Volume 2: Sets out the spending plans of the Board of Internal Economy offices, i.e., Office of the Assembly, Office of the Chief Electoral 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 Ministry's detailed section of the Estimates begins with a "Ministry Program Summary" table providing a high-level perspective of each Ministry's 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 twelve 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.

Commencing in 2009-10, the Province's minor and moveable Tangible Capital Assets (mTCA), including information technology hardware, business application software, land and marine fleet, and aircraft, will be capitalized on a prospective basis. mTCA in these categories will be recorded as assets on the Province's books and amortized over their useful lives. In previous fiscal years, mTCA were expensed in the year of acquisition by charges to an operating or capital budget. Since amortization of mTCA has not been included in appropriations or actual expenditures for prior fiscal years direct comparison between 2009-10 and earlier years may not be meaningful.

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**

Presentation in the detailed sections of the Estimates has been modified to provide more transparent disclosure of expenditures related to acquisition/construction, use and disposal of Tangible Capital Assets. New Vote-Items have been created for disclosing mTCA acquisition, amortization and disposal costs. Further breakdown of major Tangible Capital Assets and mTCA expenditures is provided through the use of standard accounts corresponding to specific asset categories. Estimates Summary Tables 8 and 12 have been modified accordingly to display asset information by category.

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.

#### 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 2009-10 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.

Land

Includes land purchased or acquired for use, for preservation, for parks and recreation, for building sites, for infrastructure and for other program use.

Buildings

Include large and complex high-rise office towers, special-purpose buildings such as prisons and courthouses, and simple structures such as salt domes and tool sheds. Also includes any construction required to address occupants' work function or aesthetic needs over and above of what is provided within the base accommodation envelope (either owned or leased).

Transportation infrastructure

Is comprised of a complex network of highways, bridges, and related structures and facilities.

Information technology hardware

Includes physical data and voice networks, platforms, wireless devices, networks and access points, mainframe and desktop computers, servers and data repositories, as well as operating systems and related software.

Business application software

Aggregates software components that automate and optimize business functions, processes, tasks and activities.

Land and marine fleet

Includes plated motor vehicles that are owned by ministries: passenger vehicles, medium duty, heavy commercial, and other specialty vehicles. Also includes medium/large boats and ferries.

Aircraft

Encompasses the fixed wing and rotary wing aircraft.

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://www.fin.gov.on.ca/english/budget/ontariobudgets/>