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Background Paper 2011:01/ February 2011

A GUIDE TO THE BUDGET CYCLE IN BRITISH COLUMBIA

The budget cycle in British Columbia consists of several activities that occur throughout the fiscal year (ending March 31). This paper provides an overview of these activities and related documents. Particular focus is given to the annual budget, estimates process, public accounts, and pre-budget consultations.

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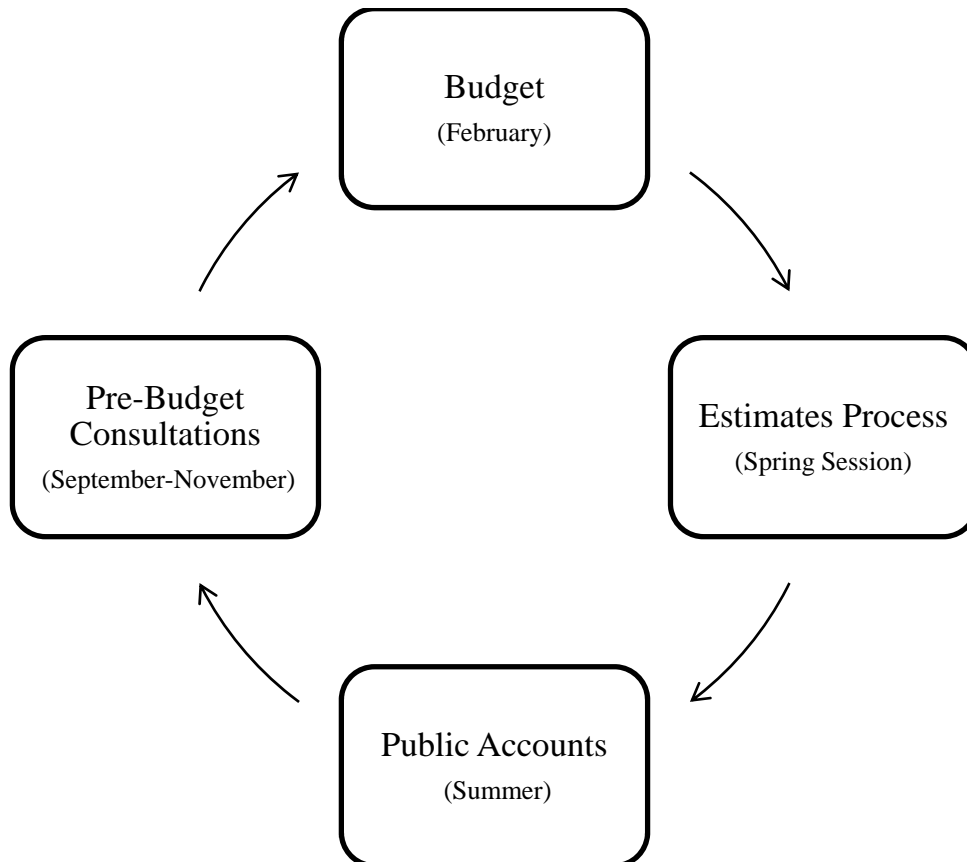
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INTRODUCTION

The budget cycle in British Columbia consists of several activities that occur throughout the fiscal year (ending March 31). Carried out in accordance with provincial laws,¹ parliamentary practice, and convention these activities serve important functions, from the establishment of budget plans to accounting of actual spending. Together, they comprise a continuous process that allows for parliamentary oversight of government expenditure.

This paper provides an overview of notable components in the budget cycle, including the annual budget, estimates process, public accounts, and pre-budget consultations.



¹ Notable legislation relating to provincial finances includes the *Budget Transparency and Accountability Act*, *Balanced Budget and Ministerial Accountability Act*, and *Financial Administration Act*. Unofficial consolidations of these acts, along with other statutes and regulations, are available on the BC Laws website (<http://www.bclaws.ca>).

BUDGET

Parliamentary scrutiny and approval of government expenditure is a long-standing principle of parliamentary democracy. It is reflected in the requirement that spending from the Consolidated Revenue Fund (the main account used for government revenue and expenditure) be authorized by legislation, either through a supply act or a specific provision in another statute. In British Columbia, the main business of supply begins with the annual presentation of the budget and estimates on budget day.

BUDGET DAY

The *Budget Transparency and Accountability Act* states that the Minister of Finance must present the budget and main estimates to the Legislative Assembly on the third Tuesday in February.² This day, commonly known as budget day, is when the government releases its plans for the forthcoming fiscal year.

Budget day begins with the morning “lockup.” Held at a designated venue in advance of the public release of the budget, the “lockup” provides reporters, business leaders, and stakeholders the opportunity to preview the budget and to ask questions of the Finance Minister and ministry officials. A media ban is enforced during the “lockup” and details of the budget remain undisclosed to the public.

The budget is officially released on the afternoon of budget day. The Minister of Finance rises in the House and delivers the budget address, a speech that typically outlines the province’s financial position and the government’s budget priorities and policies for the coming year. The main estimates and several other documents must be presented to the Legislative Assembly at that time, including economic and fiscal forecasts, a report on the advice received from the Economic Forecast Council, and other information relevant to the budget. These documents are aggregated and titled the budget and fiscal plan.

Budget Documents

In addition to the main estimates, several budget-related documents must be presented to the Legislative Assembly on budget day. Together, these documents comprise the “budget package.” It includes copies of the budget and fiscal plan, budget highlights, the budget speech, and other backgrounder documents.

The budget package is available in print and CDROM form, as well as online through the Ministry of Finance website (<http://www.bcbudget.gov.bc.ca>).

BUDGET DEBATE

After presenting the estimates to the Legislative Assembly, the Minister of Finance moves “That the Speaker do now leave the chair for the House to go into Committee of Supply.” The debate on this motion is called the budget debate, which gives Members the opportunity to discuss the government’s fiscal plan. In accordance

² The estimates may be presented on a different date if a general election is underway or recently completed at that time, or is held before the final *Supply Act* is passed for that fiscal year. The *Budget Transparency and Accountability Act* requires that the main estimates for a fiscal year be presented to the Legislative Assembly no later than 90 days after the post-election appointment of the Executive Council.

with Standing Order 45A, the Minister of Finance and Leader of the Opposition (or designated Member) have up to two hours for the purposes of budget debate or amendments; remaining Members receive up to 30 minutes. Overall, budget debate must be held on at least eight sittings but cannot exceed more than six sitting days.

Upon conclusion of debate, a vote is held. By tradition, this is deemed to be a vote of confidence. If the government loses this vote, it is said to have lost the confidence of the Legislative Assembly and is expected to resign. If the vote passes, the House resolves itself into Committee of Supply to consider the estimates.

THE ESTIMATES

The yearly estimates, presented to the Legislative Assembly on budget day, contain detailed projections of government expenditures and operations. Specific information must be included, such as the budgets of ministries and agencies, a statement of the forecast revenues and expenses for both the next and preceding fiscal years, and other financial and accounting information. The estimates document, sometimes called the “blue book,” comprises three sections:

1. **Summary Information:** lists executive information such as revenues and expenses, projected debt or surplus amounts, accounting policies, and other information.
2. **Estimates of Special Offices, Ministries, and Other Appropriations:** contains detailed information on projected spending by special offices, ministries, or other groupings.
3. **Schedules:** provide supporting information, such as financial transactions, estimated revenues and expenses, and the number of taxpayer-supported full-time equivalent positions.

Service Plans and Service Plan Reports

Ministries and government organizations (except education and health sector organizations) are each required to publish annual service plans when the main estimates are presented. Service plans are strategic planning documents that list goals, objectives, performance measures, and other information.

Annual reporting must also take place following fiscal year-end. Annual service plan reports compare the expected results of strategic plans to actual performance.

Annual service plan reports must be released every year by August 31. Both service plans and annual service plan reports are listed on ministry websites.

THE SUPPLEMENT TO THE ESTIMATES

Another important budget document is the supplement to the estimates. Published separately from the main estimates, the supplement to the estimates contains additional information on Consolidated Revenue Fund expenses for ministries, special offices, and other appropriations. For example, standard objects of expense such as salaries and benefits, operating costs, transfers, and other expenses are listed in table format.

Together, the estimates and supplement to the estimates provide a comprehensive projection of provincial finances for the coming fiscal year. This information is used during subsequent debate of ministry and agency budgets in Committee of Supply.

THE ESTIMATES PROCESS

While the budget lays out the government’s fiscal plans for the coming year, it has no intrinsic power to appropriate funds from the Consolidated Revenue Fund. To enable budget spending, the Legislative Assembly must first resolve itself into Committee of Supply to approve the proposed budgets of individual ministries and other agencies contained in the estimates. This process, sometimes called “the estimates,” allows for detailed examination of government spending. It concludes with the passage of a supply act, which provides final authorization for spending from the Consolidated Revenue Fund.

Committee of Supply is a committee consisting of all the Members of the Legislative Assembly presided over by the Deputy Speaker or other designated Member, as the Speaker leaves the Chamber. Consideration of the estimates in Committee of Supply gives Opposition critics and other Members the opportunity to question ministers about ministry expenditures and operations. Ministers may be accompanied and assisted in the Chamber by the Deputy Minister and senior ministry officials during this time. Typically, the debate covers both partisan policy issues and constituents’ concerns.

Each ministry or agency budget is approved through a series of votes specifying amounts for operations and other functions. Since there is no global time limit for completing the business of supply and Members can speak more than once, the amount of time spent debating each budget can vary. Overall, the estimates process usually consumes most of the spring session.

Once all ministry budgets have been approved, a supply bill is introduced in the House for first reading. Voted appropriations for ministries, agencies, and other expenses approved during Committee of Supply are included in the bill, along with any amounts authorized by earlier interim supply acts. A supply act is an administrative act and is not subject to debate or significant amendment. The general rule that bills require three readings on different days also does not apply to supply acts, which usually pass all stages, receive Royal Assent, and come into force on the same date.

Committee A and Committee B

Since 1993, a Sessional Order has given the House authority to divide Committee of Supply between two sections: Committee A (the “Little House”), which sits in the main committee room, and Committee B (the “Big House”), which sits in the main chamber.

This arrangement allows for timely completion of the estimates process, as well as the conduct of other House business while the estimates are under consideration.

Supply Bills

Supply acts provide legislative authority for government spending from the Consolidated Revenue Fund. There are three categories of supply bills:

1. **Interim Supply:** authorizes spending of a portion of the budget until the main estimates process is completed.
2. **Final Supply:** authorizes spending of the total of the budgetary estimates, including the amount included in any interim supply act.
3. **Supplementary Supply:** authorizes expenses over and above the amount contained in the main estimates.

SUPPLEMENTARY ESTIMATES

Supplementary estimates are sometimes presented to the Legislative Assembly to cover amounts above those passed in the main estimates. Supplementary estimates may be introduced in a fiscal year as often as deemed necessary. They are not to be confused with the supplement to the estimates, the document published in conjunction with the main estimates.

Supplementary estimates may allocate funds to one or more ministries. Similar to the main estimates, the Legislative Assembly approves these amounts in Committee of Supply. Supplementary expenditures must also be authorized in law with the passage of a corresponding supply bill.

THE PUBLIC ACCOUNTS

The annual release of the public accounts is another notable component in the budget cycle. The document that compares the budget plan to actual year-end results, the public accounts ensure transparency of government accounting. The provincial Auditor General, a statutory officer of the Legislative Assembly, also audits financial statements in the public accounts, and reports on whether they are presented fairly in accordance with generally accepted accounting principles.

In accordance with the *Budget Transparency and Accountability Act*, public accounts covering the previous fiscal year must be released by August 31. They are prepared by the Office of the Comptroller General and printed in three volumes:

1. **Public Accounts:** contain audited summary financial statements, supplementary information, Consolidated Revenue Fund extracts, provincial debt summary, and Auditor General reports.
2. **Consolidated Revenue Fund Supplementary Schedules:** provide details on the budgets and spending for individual government ministries, staff utilization, and other financial information on government operations.
3. **Consolidated Revenue Fund Detailed Schedules of Payments:** include detailed schedules of salaries, wages, travel expenses, grants, and other payments.

The Auditor General

The Auditor General, a statutory officer of the Legislative Assembly, provides oversight functions in the budget cycle. In addition to conducting independent annual audits of summary financial statements in the public accounts, the Auditor General may also conduct independent investigations and report on matters relating to government expenditures and operations. These reports are available on the website of the Auditor General (<http://www.bcauditor.com>).

These documents, and additional information and schedules that accompany the release of the public accounts, are available online through the Ministry of Finance website (<http://www.fin.gov.bc.ca>).

PRE-BUDGET CONSULTATIONS

Every fall, public consultations are held in preparation for the February budget. This stage in the budget cycle begins with the release of the budget consultation paper. The paper is issued by the Minister of Finance, along with the first quarterly report,³ no later than September 15.

The budget consultation paper contains a fiscal forecast, key issues to be addressed in the next budget, and information on how members of the public can provide their views on those issues. Once released, the paper is referred to a parliamentary committee (the Select Standing Committee on Finance and Government Services) for the purposes of carrying out province-wide public hearings.

Over the ensuing weeks, the committee travels throughout the province to gather public input. In addition to public hearings, written and electronic submissions are also accepted. Any individuals or organizations may participate.

Following the conclusion of the consultations, the committee must issue a report by November 15. The report typically contains a summary of British Columbians' budget priorities, along with a series of committee recommendations for the next budget.

Parliamentary Committees

Parliamentary committees are appointed by the Legislative Assembly to undertake business on behalf of the Assembly. They are composed of Members from all parties, including independents.

Presently, several committees perform functions relating to provincial finances and the budget cycle. The Select Standing Committee on Finance and Government Services, for example, oversees province-wide pre-budget consultations and reviews the annual report, service plans, and budgets of statutory officers. As well, reports from the Auditor General on provincial finances and operations are referred to the Select Standing Committee on Public Accounts.

Parliamentary committee reports are available on the Legislative Assembly website (<http://www.leg.bc.ca/cmt/>).

³ Quarterly reports are issued by the Ministry of Finance during the fiscal year. Quarterly reports contain an economic forecast, fiscal plan update, and other information pursuant to the *Budget Transparency and Accountability Act*.

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