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## COVID-19 Economic Response Plan – Estimated Expenditures August 2021

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### Context

- With the unprecedented scale and impact of COVID-19, Parliament has prioritized measures responding to COVID-19. The government tabled Main Estimates and Supplementary Estimates (A) for 2021-22 providing a total of \$42.3 billion in planned spending authorities for federal organizations across the Government of Canada to spend in support of COVID-19 measures. These are “up to” authorities in recognition of the urgency and uncertainty in which these measures were brought forward in the pandemic context.
- Typically, reporting on government expenditures is done on a monthly basis through the Department of Finance’s Fiscal Monitor, quarterly by departments and annually through the Annual Financial Report and the Public Accounts. Given the extraordinary context of the pandemic, the Treasury Board Secretariat (TBS) has reached out to organizations to gather spending data related to COVID-19 on a monthly basis, recognizing that the ability to effectively track expenditures attributable to the COVID-19 response varies greatly by measure, and by organization. A reconciliation of the estimated expenditures will be conducted at year end to align with final expenditures reported in the Public Accounts of Canada (expected Fall 2022). Only after this point will departmental numbers be finalized.
- The scope of this collection effort has focused primarily on COVID-19 spending that falls within planned authorities as outlined in the Estimates. The main purpose of the Estimates is to support Parliament’s consideration of the appropriation bills, which are the legal instruments for authorizing certain payments, and not all COVID-19 related measures fall within the scope of the Estimates. For instance, Parliament does not authorize spending annually for tax and liquidity measures. Excluded from this collection effort are:
  - Measures legislated through the *Income Tax Act* such as the Canada Emergency Wage Subsidy<sup>1</sup>;
  - Employment Insurance Benefits that are paid out of the Employment Insurance Operating Account; and
  - Liquidity measures such as the Canada Emergency Business Account, and the Business Credit Availability Program.

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<sup>1</sup> As of June 30, 2021, 2021-22 estimated expenditures for the Canada Emergency Wage Subsidy are \$11.6 billion.

## **Estimated Expenditures as of June 30, 2021**

- To date, efforts to collect expenditures related to Canada's COVID-19 Economic Response Plan are based on estimates that may be slightly modified in subsequent periods, and have not been audited. Organizations are responsible for determining how best to identify the appropriate estimated expenditures and, if required, to provide any subsequent explanation on the amounts and corresponding activities.
- As of June 30, 2021, federal organizations reported total 2021-22 estimated expenditures of \$9.7 billion against COVID-19 measures (available on [GC InfoBase](#) and the [Open Data portal](#)), which correspond with the measures announced as part of [Canada's COVID-19 Economic Response Plan](#). These estimated expenditures do not represent the implementation status or results achieved for a measure. Implementing organizations (departments, agencies, and Crown corporations) are best positioned to speak to the implementation status of a measure.
- In addition to \$9.7 billion in estimated expenditures for COVID-19 measures, as of June 30, 2021, departments and agencies are also reporting additional estimated expenditures of \$0.4 billion to support the government's response to COVID-19. These expenditures include estimates for salaries and overtime for additional hires or employees reassigned to support the federal government response to COVID-19, and operational expenditures including acquisition of personal protective equipment and supplies. For the most part, these estimated expenditures are against existing funding in departmental reference levels that have been redirected to COVID-19 activities.

### **Technical Notes:**

- These estimated expenditures include the cash payments that have been made to suppliers for goods and services or to grants and contributions recipients as of June 30, 2021. Expenditures are recorded when cash payments are made from the consolidated revenue fund (e.g. for goods, services, and grants and contributions, etc.) against authorities provided through statutory legislation or appropriation bills for the Estimates. Estimated expenditures do not reflect financial commitments made by implementing organizations for which an actual payment has not been issued. The Directive on Payments establishes the norm that suppliers are paid within 30 days, from the time when an invoice is received and the goods or services are accepted. A delayed invoice, or different terms in the payment schedule (e.g., as per a contract) can result in spending being recorded several months after the initial receipt of the goods or services. For these reasons, there may be legal financial commitments made by implementing organizations in relation to the response measures, which are not yet included in the figures provided on [GC InfoBase](#) and the [Open Data portal](#). Year-end expenditure figures will include accrual charges for expenditures for which cash payments have yet to be made and will be based on the government's audited financial information.

- In comparing COVID-19 authorities and estimated expenditures, in some cases, the funding source of a measure is completely aligned with the authorities presented in the Estimates. In other cases, funding can include other sources of funds – for example, the use of existing resources and/or transfer of funds between organizations. As a result, in limited circumstances, estimated expenditures may be greater than the authorities for a measure. Conversely, a measure may be fully implemented without fully expending available authorities, as authorities are “up to” amounts.
- Budget 2021 and the Fall Economic Statement 2020 are presented on a full accrual basis whereas the Estimates are presented on a modified cash basis. The accrual basis of accounting recognizes income when it is earned and expenses when they are incurred, whereas cash accounting recognizes them when the cash or its equivalent has been paid. As a result, certain items will be reported differently between these publications.
- Statutory COVID-19 expenditures have been granted through several time-limited authorities:
  - Provisions of the *Financial Administration Act* which authorized payments to provinces and territories (or organizations named by those jurisdictions) were repealed on September 30, 2020;
  - The *Public Health Events of National Concern Payments Act* was repealed on December 31, 2020;
  - The *Canada Recovery Benefits Act* (Bill C-4), enacted in October 2020, authorized payments for the Canada Recovery Benefit, the Canada Recovery Sickness Benefit and the Canada Recovery Caregiving Benefit until March 31, 2024; and
  - Provisions of the proposed *Budget Implementation Act, 2021, No. 1* (Bill C-30) which would authorize additional payments to the provinces and territories related to the Canada Health Transfer as well as payments in respect to Canada’s COVID-19 immunization plan.

The *Economic Statement Implementation Act, 2020* (Bill C-14) did not receive Royal Assent by March 31, 2021, the date required to authorize payments for certain measures. As a result, expenditures for these measures (e.g. Regional Relief and Recovery Fund, specific health measures, increased income support payments under the *Canada Emergency Response Benefit Act*) will be significantly lower in 2020-21, and possibly delayed completely to 2021-22, as they may only be incurred against authorities received through another means.

- Crown corporation expenditures represent recorded payment from the federal government, which includes both payments disbursed and payments to be disbursed by the corporation.

- Liquidity support measures or liquidity support programs are different than direct support measures. During the pandemic, the government offers temporary financial supports such as loans for businesses, credit guarantees or deferred tax payments.