

Federal Budget 2011-12—Round 2 (July 2011)

On June 6, Minister of Finance Jim Flaherty brought down the second incarnation of the federal government's 2011-12 fiscal year Budget. The budget, which had originally been delivered on March 22, 2011, had not passed by Parliament before the government fell and a general election was called.

As the Minister of Finance had indicated, the budget which was re-introduced on June 6 was largely the same the one delivered in March, particularly with respect to taxation measures. Where there are differences, they relate for the most part to updated fiscal results and forecasts, based on the additional two months of federal government financial results.

Updated data was announced for both the financial results posted by the federal government for the 2010-11 fiscal year ended March 31, 2011, and in projections for the next five fiscal years. In the March 22 Budget, the Minister had announced that the federal deficit would reach \$40.5 billion for 2010-11 and would decline by approximately \$10 billion in each subsequent fiscal year, until a surplus of \$4.2 billion was posted for the 2015-16 fiscal year. Figures announced as part of the June 6 Budget indicate, however, that the 2010-11 deficit will come in at \$36.2 billion. The decline in the deficit thereafter will be somewhat slower than was originally forecast (to \$32.3 billion in 2011-12, and then declining by about \$10 billion per year) but the government still expects to be in a surplus position for fiscal 2015-16.

The Minister attributed the \$4.3 billion decrease in the 2010-11 deficit to a decline in federal government expenses for that fiscal year, largely attributable to the extension of the completion deadline for four infrastructure programs. That extension also contributed to a \$500 million increase in the expected deficit for 2011-12.

The Minister also updated the detailed revenue and expenses figures for the 2010-11 fiscal year. Those updated numbers show that the changes in the revenue picture for the year were minimal. While revenue from corporate income tax was up slightly and revenue from goods and services tax showed a marginal decline, the overall revenue figure of \$235.6 billion was unchanged. There was also no change in personal income tax revenues.

On the expenditure side, the only changes from the March 22 Budget figures were found in declines in the amount of transfer payments and operating expenses. They dropped by a total of \$4.4 billion, resulting in an overall reduction in total program expenses, from \$245.2 billion to \$240.8 billion.

More detailed revenue and expenditure information contained in the June 6 Budget can be found in the budget papers, which are available on the Ministry of Finance Web site at <http://www.budget.gc.ca/2011/home-accueil-eng.html>.