Intelligence MEMOS

From: Colin Busby, Nicholas Dahir and William B.P. Robson

To: Concerned Canadians

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Re: **Excuses for Federal Budget Delay Get Thinner By the Day**

Last week's Speech from the Throne delivered by King Charles III will be remembered as an anomaly, and not just because of the speaker.

Here's how it usually goes: A Throne Speech opens a legislative session, laying out the government's priorities. Then, at the start of that legislative session, the government presents a budget to provide key fiscal context for its priorities.

The annual budget is the cornerstone of the government's financial and economic management. It provides the big picture within which specific choices – notably the spending MPs must approve in the estimates – should fit. Without a budget, Canadians cannot properly assess the legislative priorities, including the cuts to personal income taxes and the GST specifically mentioned in the Throne Speech.

But the government, instead of committing to delivering a budget at the start of the legislative session, has delayed it until the fall. The budget could be up to half a year away. Such a gap between a Throne Speech and a budget is unsuitable for the current economic context and for a minority parliament.

There is still time to fix it.

The government had previously said it would not even present a budget this year. The turnabout to deliver a 2025 budget is good news – but not good enough. While better than no budget at all, a budget so late in the year is an affront to fiscal accountability, and a snub to parliamentarians and the Canadians who elected them. The message the government now needs to hear is that a spring budget is still possible, and that it should deliver one.

The House vote Monday night amending the reply to the Speech from the Throne to commit the government to present a fiscal statement or a budget this spring should not be discarded.. Rather than rally against this motion, even if non-binding, the minority government should accept this nudge from parliament.

Budgets tell MPs and Canadians how much money the government plans to raise and how the government will raise it. They say how much the government will spend, and how the government will spend it

The federal fiscal year runs from April 1 to March 31. Governments ideally present budgets in January or February, well before the fiscal year has started. Presenting after the fiscal year has begun means that the government is already raising and spending without proper scrutiny. But presenting a budget while the House of Commons is sitting – prior to June 20 – would be far better than waiting until the fall when the fiscal numbers will be less a plan than a fait accompli.

It is almost half a year since the 2024 fall economic statement. With the new government moving to implement its election platform and Throne Speech, Parliament and the public need an up-to-date fiscal plan.

Canada's fraught economic situation – chronic low investment and productivity growth, geopolitical risks, and a protracted trade war with the United States – makes a spring budget all the more desirable.

A late budget would also exacerbate a worrying trend. In the past three decades, the federal government has tabled budgets after the start of the fiscal year only five times. Four of those late budgets appeared since 2015. In 2020, for the first time ever, the federal government failed to produce a budget at all.

Defenders of the delay point out that Parliament must still approve the estimates – the documents that outline a detailed spending plan, which require specific legislative approval. But the estimates are no substitute for a budget. They only cover a fraction of government outlays. Statutory programs such as seniors' benefits, federal-provincial transfers and interest on the growing debt dominate Ottawa's spending. And when parliamentary committees fail to review their estimates by a May 31 deadline – as happened in the case of 10 committees reviewing $25 billion in federal outlays last year – the estimates are deemed approved.

To those who say the recent federal election is an excuse for a late budget, we have a straightforward reply. It is not.

The Ontario government, notwithstanding the same fraught environment and its own election, has produced its 2025 budget.

A hurried fiscal plan might even be an improvement. No time to produce the hundreds of pages of self-congratulatory spin, condescending narrative and repetition of previous announcements that have become the norm, even as key numbers are buried where only experts can find them.

Time pressure could give us something short and to the point: Projections for revenues, expenses, the bottom line and the resulting change in the debt right up front, where anyone – including parliamentarians and voters – can find and understand them.

The spring window is still open. The government has a chance to correct course for the benefit of Parliament and the public. It should take it.

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