

EVERY DAY
ADVOCATES



FEDERAL BUDGET 101

THE BASICS

What is the federal budget?

The Budget lays out the Federal Government’s fiscal, economic and social priorities for the upcoming fiscal year (April 1 to March 31 in Canada) and is one of the most important documents released by the Federal Government each year. It is prepared by the Department of Finance, with input (asks) from each line department, and is usually tabled in February or March of each year.¹

The government needs approval to change taxation or to spend funds. Therefore, once the budget is presented, the government will table “ways and means” (motions) about its proposed tax changes. This is followed by an implementation bill for approval by the House of Commons. To spend funds, the government provides estimates to help members understand, scrutinize and debate its spending plans. They also seek approval of an appropriations bill by the House of Commons and Senate. Since this does not happen until June, the House of Commons approves an interim supply of limited funds after the budget is tabled in the interim.²

What is the Fall Economic Statement?

The Fall Economic Statement (or the Economic and Fiscal Update) provides the public with an update on fiscal items of importance, and is accompanied by a speech from the Minister of

¹ <https://www.canada.ca/en/departement-finance/services/publications/federal-budget.htm>

²

https://www.ourcommons.ca/procedure/our-procedure/financialProcedures/c_g_financialprocedures-e.html

Finance. It is often delivered in November, about halfway through the budgeting cycle, to provide a market signal on the federal government's priorities and to reiterate fiscal promises and investments. Sometimes referred to as a "mini-budget", **the Fall Economic Statement (FES) includes information on the federal government's spending priorities, provides an update on Canada's economy, and occasionally announces new funding commitments.**³ Sometimes the FES includes more information on how the government will follow through on commitments it made in the previous budget.

ENGAGING IN THE BUDGET PROCESS

Why Does it Matter?

One of the best ways to understand a government's commitment to action on an issue is to read their budget. For a policy priority to be realized, it will almost always require resources. This could take the form of funding allocation to establish a new agency, programs to support delivery agents, or funding streams for partners and infrastructure. The budget can also provide information about the government's ambition based on the level of funding that is being allocated (or not allocated) to a particular policy area, and over how many years.

For example, the **FY22 Budget announced several big-ticket environmental measures**, particularly the \$15-billion, five-year [Canada Growth Fund](#) (intended to leverage \$125 billion to \$140 billion per year in private investment for emission reductions, low-carbon industry development, and more) and the [clean-tech investment tax credit](#) of up to 30 per cent for solutions like battery storage and clean hydrogen.

WINDOWS TO ENGAGE

June - October

In the spring of the preceding year, the House of Commons Standing Committee on Finance launches **pre-budget consultations** with Canadians so it can make informed recommendations to the Minister of Finance on the upcoming budget. This year, the Committee invited written comments in late June, and heard from some of those who made submissions during meetings in October.⁴

As well, Ministers of each Department must send their department's budgetary requests to the Minister of Finance. **In 2022, these request letters are due on November 15th.** Prior to this, external organizations request meetings with staff from the Minister's office and present

³ <https://www.canada.ca/en/department-finance/services/publications/fall-economic-statement.html>

⁴ <https://www.ourcommons.ca/DocumentViewer/en/44-1/FINA/news-release/11896835>

recommendations they believe should be included in the list of the requests to the Finance Minister.

Ministers usually take meetings with other levels of government, larger organizations or coalitions. To get a sense of what these might look like, check out the 2023 budget submission from the [Assembly of First Nations](#) (AFN) or [Clean Energy Canada](#). **Community-based groups and advocates can reinforce the asks of larger organizations they support or make their own through letters to the responsible minister.**

November- February

After Department submissions go in, **advocates can focus their requests at Finance Canada and their local MPs**, many of whom hold local budget consultation meetings. **The earlier your requests are presented in this window, the better.**

Also during this time (usually in November), the **Fall Economic Statement (FES)** is released and the Minister of Finance delivers a speech on the government's spending priorities. Organizations may be able to influence the Fall Economic Statement by communicating their expectations for government priorities and funding commitments in the preceding months. But, more commonly, **organizations respond to the emphasis, priorities and commitments included in the fall economic statement documents and speech by the Minister of Finance.**

The **2022 FES was released on November 3rd, 2022**. It included [\\$30.6B in new spending and flagged the risk of a recession and further interest rate hikes](#). On the environment front, the FES followed up on the commitment made in Budget 2022 with more details around the Clean Growth Fund, offers clean-energy incentives to leverage private sector investment in clean energy, keep Canada competitive with the United States, and help meet our climate goals. Many environmentalists were happy about [what the FES did not include](#): a hike in the tax credit for Carbon Capture, Utilization and Storage (CCUS) to match levels in the U.S. Inflation Reduction Act. **Check out examples of various reactions to the FES** from: [Clean Energy Canada](#), the [David Suzuki Foundation](#), [Clean Prosperity](#), and [Electricity Canada](#).

Spring (March-April)

The Federal Budget is released in the spring each year, usually between mid-February and late-April. The Minister of Finance will table the budget in the House of Commons.

The morning of the release, the media will have access to an [embargoed](#) (i.e. early, not-yet public) copy of the budget and the ability to ask questions of the finance department staff. The media will have several hours to review the contents of the budget. If organizations are eager to comment to the media on the contents of the budget, media requests to organizations will often begin a few minutes after the budget is tabled.

TIPS

- Connect with the media prior to the release of the budget, and send them spending priorities and recommendations you hope the budget will address (they may be able to ask government officials about those items in the media briefing).
- Prepare key statements, research, figures and comparisons prepared ahead of the budget being tabled. This will help you to issue a timely statement, news release or update to your members that is more likely to be cited by the media who are eager to make their publishing deadline by the end of the day.

FRAMING YOUR ASK

Budget advocacy is the same as any other kind. **You need to know your audience**, and think about their level of understanding of the issue you are advocating for. Your MP may have less familiarity than the responsible Minister, so you might bring or include a backgrounder. Make sure to check out what they did before getting elected or if they sit on a relevant Committee before assuming.⁵ Remember to **frame your ask in terms of their interests and priorities**, not your own. An MP's interests include their constituents so if you know key voices in your community agree with your ask, make it known or ask them to jointly sign your letter. **Check out our tips for [Talking to Conservative MPs](#) about the environment.**

Informing Your Priorities

If there is an organization whose work you support, ask them if they've made a budget submission you can amplify. Or **check out the Green Budget Coalition (GBC)**, an organization that brings together twenty-one of Canada's leading environmental organizations to develop joint recommendations about strategic fiscal opportunities for the federal government related to the environment. The GBC's [2023 budget recommendations](#) cover multiple topic areas, including climate mitigation and adaptation, biodiversity loss, environmental justice, and integrating climate and nature objectives across government budgetary decisions.

The Green Budget Coalition has five feature recommendations for budget 2023:

1. **Advancing a zero-emissions electricity grid based on renewables** - Essential steps towards the major transformational investments required in the generation,

⁵ If you don't know, look your MP up on ourcommons.ca and click the "Work" tab.

transmission, and demand side of electricity, including remote Indigenous communities (\$18 billion plus \$3 billion in tax benefits over five years);

2. **Renovation wave: a plan for jobs and climate** - Upgrading the energy efficiency and comfort of Canada's residential building stock, including low-income households, Indigenous communities, and skills development for the retrofit economy (in partnership with the provinces: \$10-15 billion per year for ten years);
3. **Delivering on Canada's land and ocean protection commitments** - Integrating Indigenous-led conservation, permanent funding for protection and stewardship, ecological connectivity, and NGO collaboration (\$18 billion over eight years);
4. **Advancing sustainable agriculture** - Key recommendations to help producers and Canada be leaders in sustainable and innovative agriculture with a resilient and diversified food system (\$3.5 billion over five years); and
5. **Institutionalizing environmental justice** - Establishing an Office of Environmental Justice (\$130 million over five years) and committing an appropriate portion of benefits from climate and clean energy spending to disadvantaged communities.

HOW TO READ A BUDGET:

- Budgets are over 250 pages long, and often environmental priorities can be scattered throughout the chapters of the document. For example, housing, jobs, growing the economy and the environment are often distinct chapters, and environmental commitments may not be contained within the chapter on the environment.

TIP

- Before the budget is released, download the budget from the previous year to get familiar with its format so you can navigate the new one faster. Previous budgets and related documents can be found [here](#).

- Only new or additional funding commitments will be included in the budget. In other words, if a commitment was made in a previous budget it will not be included in the current budget document (i.e. Active Transportation Fund was funded in 2021 Federal Budget for the amount of \$400 million over 5 years; therefore, this

commitment did not reappear in the 2022 Federal Budget).

- Often spending commitments are made over multiple years, but are sometimes not specified in the speech or press releases. The annual vs. overall spending for your recommendation is important to consider when comparing the spending commitments in a budget to the recommendation for funding.