

6.2 Budgetary and Non-Budgetary Expenditures

When a loan is extended by the Government under the Canada Account, it may be accounted for by the Government either as a budgetary or non-budgetary expenditure.

Prior to 1987, virtually all such disbursements were treated by the Government as non-budgetary expenditures. However, since 1987, the two classifications of expenditures have been utilized. Loans which involve concessional terms (i.e., interest-free or low-interest loans repayable over extended periods) are now accounted for by the Government as budgetary expenditures. Loans which are extended at or near commercial rates generally continue to be accounted for as non-budgetary expenditures. Specially-tailored loans which involve a blend of concessional and non-concessional financing are accounted for accordingly.

Insurance claim payments are generally accounted for as non-budgetary expenditures pending recovery by the EDC. Historically, the Government's record of recoveries on insurance claims paid under the Canada Account has been extremely good.

6.3 Canada Account Financial Flows

The chart on Page 7 shows the amount of export financing business supported in fiscal years 1988-89 and 1989-90, and the actual level of loans disbursements under the Canada Account. The chart demonstrates clearly the degree of volatility and uncertainty inherent in those activities and described earlier in sub-section 6.1. The "Business Pursued" column shows the value of transactions advised by Canadian exporters to EDC which would, if ultimately successful, probably have required Canada Account financing. The second bar, "Potential Support", shows the estimated cost of Canada Account financing on all transactions where the exporter has been formally advised by EDC of the Government's willingness, at least in principle, to consider the proposal for support under the Canada Account. The third column, "Loan Signings" shows the maximum cost to the Canada Account of transactions actually won and signed by exporters in the year in question. Finally, the last column shows actual disbursements made by the government in relation to signed loans. Only when disbursements are made is there a draw on the Consolidated Revenue Fund.