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PERSONNEL EXPENDITURE ANALYSIS TOOL



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report summarizes a few of the key insights of the [Personnel Expenditure Analysis Tool](#), PBO's online interactive tool to explore overall government spending on personnel or focus on single department.

Lead Analyst:

Kristina Grinshpoon, Advisor-Analyst

Contributor:

Tessa Devakos, Research Assistant

This report was prepared under the direction of:

Trevor Shaw, Director

Nancy Beauchamp, Carol Faucher, Jocelyne Scrim and Rémy Vanherweghem assisted with the preparation of the report for publication.

For further information, please contact pbo-dpb@parl.gc.ca

Yves Giroux

Parliamentary Budget Officer

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Executive Summary

The government's largest operating cost is its staff—personnel spending accounts for roughly 60 per cent of the federal governments operating costs.

While parliamentarians receive volumes of data on personnel spending in the Estimates, the Public Accounts and InfoBase, that data cannot readily and quantifiably address questions on the growth drivers of personnel spending and its components, and which departments are driving this growth.

To help parliamentarians address these questions the PBO has built a Personnel Expenditure Analysis Tool (PEAT) and summarized its key insights in this report.

The PEAT is an online interactive tool that allows users to explore overall government spending on personnel or focus on single department. It also allows users to view how much was spent on the various pay components, such as salaries and wages, overtime and bonuses, pension benefits, Employment Insurance contributions and other payments.

This report summarizes a few key insights. Users are encouraged to further explore trends by accessing our [Personnel Expenditure Analysis Tool](#).

Key Insights

Key Insight 1: Over the past 12 years, growth in personnel spending was mainly due to higher spending per-employee, not hiring growth.

Key Insight 2: Salaries and wages contributed the most to cost increases but were not the fastest growing category. Other payments were the fastest growing category.

Key Insight 3: The largest 10 departments represent 70 per cent of spending on personnel and have contributed the most to the increase in total pay.

Key Insight 4: The largest 10 departments spend less per employee than the average.

Key Insight 5: Rate of pay increases have generally been uniform across most departments.

Key Insight 6: Growth in staffing has varied greatly between departments.

Introduction

The government's largest operating cost is its staff. In 2018-19 the federal government spent \$56.0 billion on personnel, representing 60 per cent of its' total operating costs (Figure 1).¹

The government's spending on personnel is largely comprised of two parts: spending for work performed in the current year (roughly 50 per cent of operating expenses), and spending related to future benefits of federal employees (roughly 11 per cent of operating expenses).²

Figure 1

2018-19 components of operating expenses

Per cent of total operating expenses: \$92.8 billion

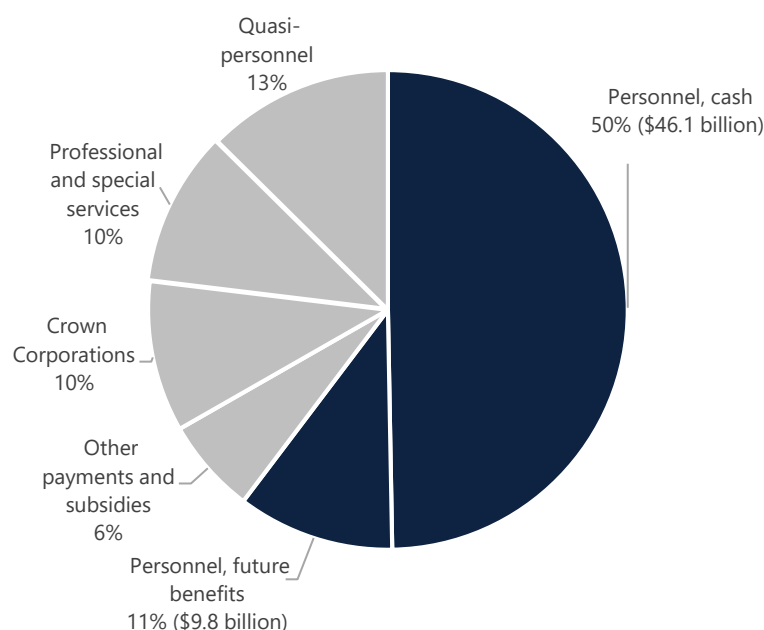
Personnel spending

Personnel spending, cash

Spending for work performed in the current year, which includes salaries and wages, overtime, severance and bonuses, employer contributions to Employment Insurance, current payments for federal pension benefits, and other payments paid in cash.

Personnel spending, future benefits

Reflect amounts owed to current, former, and future federal employees such as pension benefits, and disability and other benefits for veterans.



Sources: Public Accounts of Canada, and Parliamentary Budget Officer.

While parliamentarians receive volumes of data on personnel spending in the Estimates, the Public Accounts and InfoBase, that data cannot readily and quantifiably address questions such as:

- Is spending growth mainly due to higher numbers of staff or higher spending per person?
- Are pay increases driven by growth in salaries and wages, or other forms of remuneration?
- Which organizations are most contributing to the growth in staffing?

- Which organizations are most contributing to the growth in per-person spending?

This report answers these questions by highlighting key insights from our Personnel Expenditure Analysis Tool ([PEAT](#)). The PEAT is an interactive tool that allows users to compare personnel spending trends across time for the government as a whole or a single department by:

- Viewing overall historic spending trends for operating and personnel spending;
- Examining the various types of remuneration that are part of the government's spending on personnel;
- Examining historic employment trends for full-time equivalents;
- Benchmarking between similar departments, or self-selecting departments for comparison.

Users are encouraged to explore additional trends by accessing our tool online.

Both this report and our online tool focus on the cash component of the federal governments' past personnel spending. PBO analysis on future benefits can be found in a 2018 report titled [Federal Personnel Spending: Past and future trends](#).

Key Insights

Below is a summary of some of the key insights that users may discover while exploring the tool.

Key insight 1: Growth was mainly due to higher spending per-employee

The most important cost drivers of personnel spending are the number of personnel (represented by full-time equivalents, or FTEs) and their compensation. While the government has direct control over the number of people it employs, its discretion over their compensation is somewhat limited, at least in the short term, by collective agreements and bargaining as well as the cost of future benefits.³

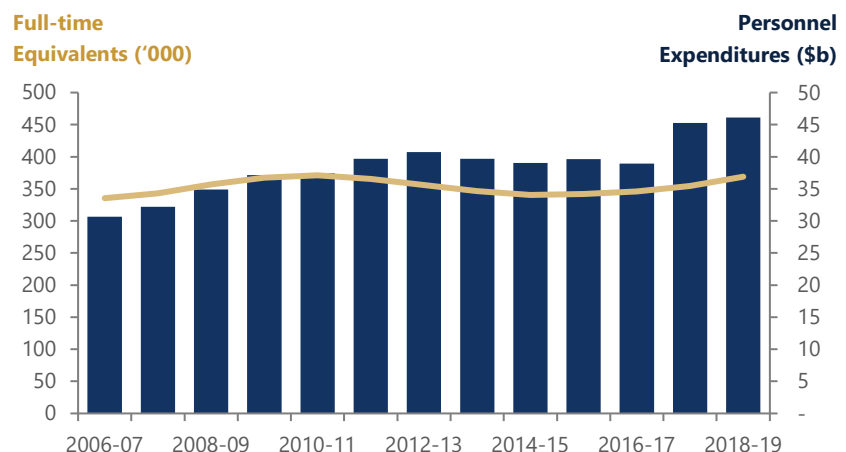
Over the past 12 years, growth trends in personnel spending were broadly consistent with trends in the number of FTEs employed in the federal public service. Though, on average, personnel spending has grown faster, mainly driven by continued moderate growth in compensation per FTE.

Over this period, personnel spending has on average grown by 3.5 per cent per year, from \$30.6 billion in 2006-07 to \$46.1 billion in 2018-19.⁴ The number of FTEs grew by 0.8 per cent annually, from 335,000 to 369,000 (Figure 2). Spending per FTE grew annually by 2.7 per cent, on average (or 2.1 per cent annually, excluding one-time payments).⁵

Figure 2

Personnel expenditures and full-time equivalents

Personnel expenditures (blue-bar, \$ billion) and FTEs (yellow-line, thousands)



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

By comparison, private sector employment in Canada grew by 1.1 per cent from 2006 to 2019, and the average annual rate of inflation was 1.7 per cent over the same period.⁶

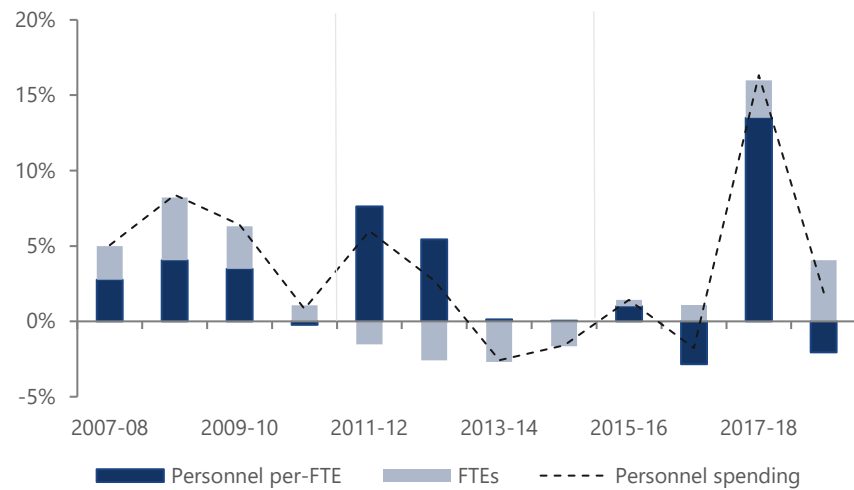
The flat growth in the number of FTEs can be mainly attributed to declines in employees from 2011-12 to 2014-15, and the limited growth in staffing the two-years that followed (Figure 3).⁷

Over the past 12 years, spending per person continued to grow moderately. Of notable exception, is 2017-18 where spending per FTE grew by about 14 per cent. The uptick in 2017-18 is mainly due to one-time payments rather than changes to compensation through collective bargaining.

Figure 3

Personnel spending, composition of growth

Year-over-year growth in personnel spending, personnel spending per-FTEs, and FTEs



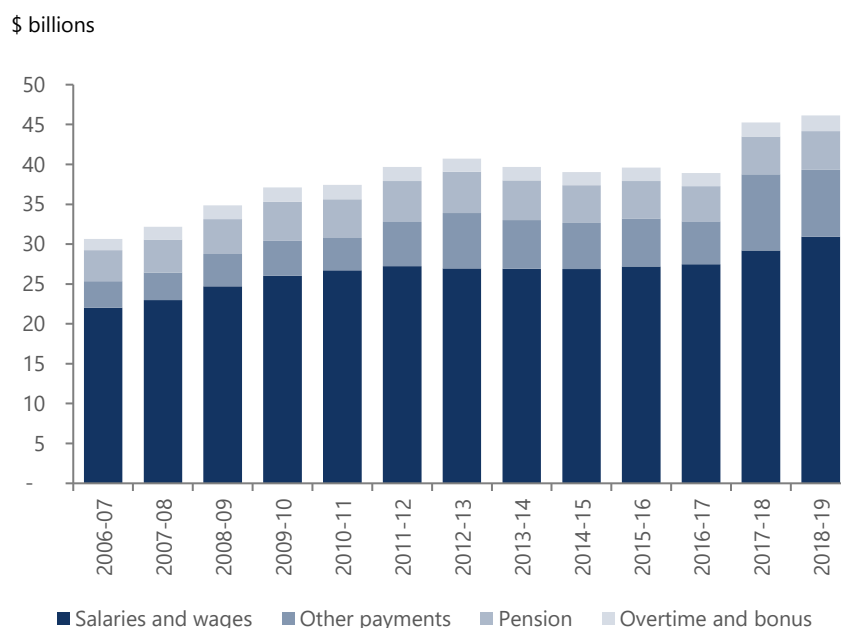
Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Excluding one-time payments, cumulatively over the past 12 years spending on personnel has increased by about 40 per cent, with growth in compensation per FTE accounting for more than 75 per cent.

Key insight 2: Salaries and wages contributed the most to pay increases, but were not the fastest growing category

Personnel spending is comprised of salaries and wages (roughly 70 per cent), pensions (roughly 12 per cent), bonuses and overtime (roughly 4 per cent), and other expenses linked to employee compensation (Figure 4) ⁸.

Figure 4 Personnel spending, by types of remuneration



Source: Receiver General for Canada.

Note: For compatibility with the PEAT, other payments includes Employment Insurance, centralized spending and other payments. See Appendices A and B for the methodology and definitions of each type of remuneration.

As noted above, excluding one-time payments, over the past 12 years compensation per FTE grew on average by 2.1 per cent per year. Salaries and wages, the largest category of personnel expenditures, have contributed more than 70 per cent to this growth—growing in-line with total compensation per-FTE and roughly in-line with inflation (Figure 5).

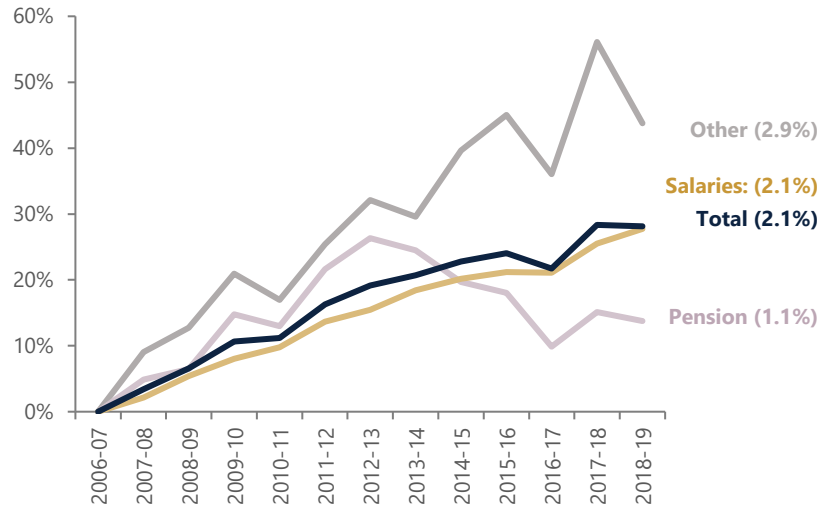
Growth was not uniform across all components. For example, since 2012-13 Government contributions to pension plans have grown slower, driven by the Government's decision in Budget 2012 to increase employee pension contribution rates, lowering the portion the government is responsible for. On the other hand, other payments have grown faster.

Other payments comprise of overtime and bonuses, employer contributions to Employment Insurance, employer contributions to hospital and medical plans and disability insurance, and other miscellaneous payments.

Over the last 12 years, employer contributions to hospital and medical plans and disability insurance have contributed the most to growth in the “other payments” category.⁹

Figure 5 Growth in compensation per-FTE

Cumulative growth, compensation per FTE; average annual growth in parentheses



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Note: Total and other payments exclude one-time payments and actuarial adjustments. Other payments include overtime and bonuses, employer contributions to Employment Insurance, employer contribution to hospital and medical plans, employer contribution for disability insurance, and other miscellaneous payments (part of central and other payments in the PEAT).

Key Insight 3: The largest 10 departments represent 70 per cent of spending on personnel

In each fiscal year, about 70 per cent of the federal government's expenditures on personnel are concentrated in the 10 departments below, with the Department of National Defense consistently representing more than 20 per cent of the overall spending. Consequently, these same departments also employed about 70 per cent of the overall FTEs in the federal government (Table 1).

Table 1 2018-19 Personnel spending and full-time equivalents

Top 10 largest departments	Personnel spending		FTEs	
	\$ billions	% of total	Total	% of total
Department of National Defence	10,513	23	91,970	25
Canada Revenue Agency	4,158	9	41,075	11
Royal Canadian Mounted Police	3,680	8	29,870	8
Employment and Social Development	2,476	5	23,796	7
Correctional Service of Canada	2,064	5	17,366	5
Canada Border Services Agency	1,941	4	14,629	4
Public Services and Procurement Canada	1,675	4	13,956	4
Global Affairs Canada	1,473	3	11,994	3
Fisheries and Oceans Canada	1,368	3	11,679	3
Health Canada	938	2	7,671	2
Remaining	15,846	34	104,795	28
Total	46,132	100	368,801	100

Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

For the full list of each departments' spending on personnel by their size see [Personnel Overview](#) within the PEAT.

Key Insight 4: Large departments spend less per FTE

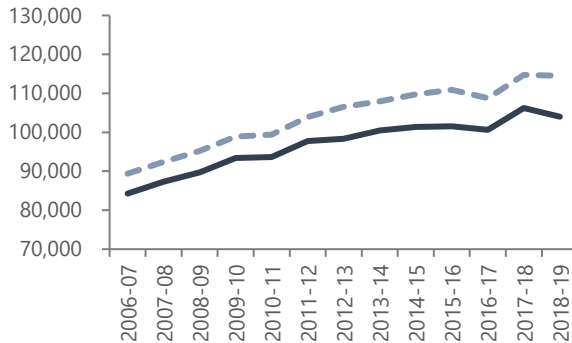
Due to their sheer size, the same 10 departments contributed to about 60 per cent of the overall growth in compensation per FTEs. With that said, compensation per FTE has generally been lower in large departments when compared with the average (Figure 6).

For example, in 2018-19 the average federal compensation per FTE was about \$115,000 (excluding one-time payments). Large departments with more than 5,000 FTEs spent on average about \$11,000 less per FTE compared to that, while smaller departments spent more. Notably, small departments with less than 350 FTEs spent roughly \$4,000 more per FTE than the average.¹⁰

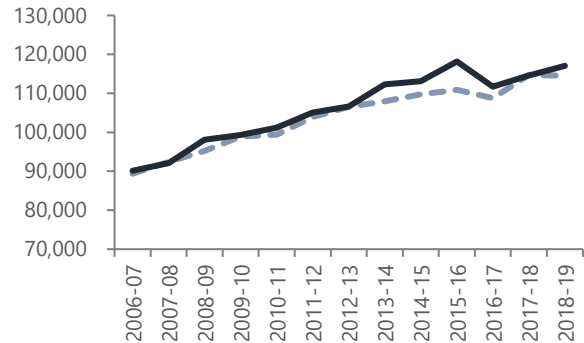
Figure 6 Personnel spending per-FTE, comparison to the average

By department size; average compensation per FTE in 2006-07: \$89,389; 2018-19: \$114,529

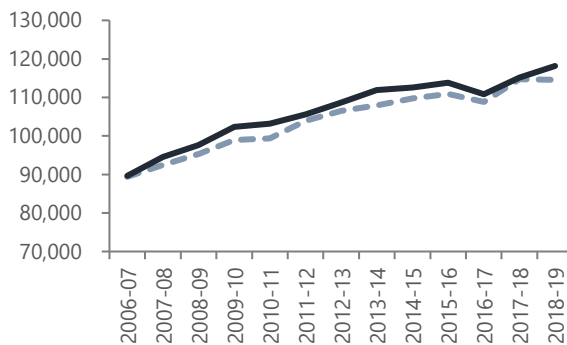
Large Sized Departments
5000+ FTEs, 23% Cumulative Growth



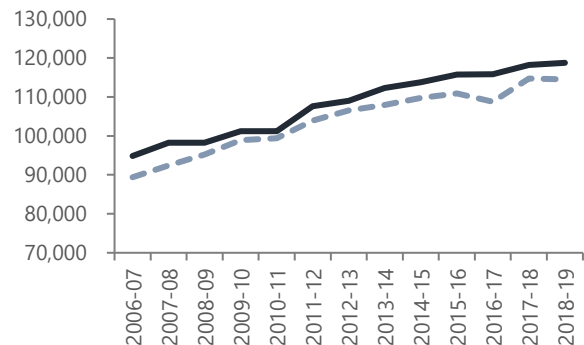
Medium-large Sized Departments
700-5000 FTEs, 30% Cumulative Growth



Medium Sized Departments
350-700 FTEs, 32% Cumulative Growth



Small Sized Departments
Under 350 FTEs, 25% Cumulative Growth



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Notes: Average across all departments is demarcated with a dotted line. Excluding one-time payments and actuarial adjustments. Departments are grouped based on their number of FTEs in 2018-19.

With that said, growth in the rate of pay has been similar between all four groups—growing roughly in line with total federal compensation per-FTE (around 2 per cent, on average).¹¹

Each department's mandate and operating requirements are key drivers of personnel costs, but large departments have achieved lower costs per FTE.

Comparing between departments solely based on their size doesn't account for all their varying operational needs. For example, while Employment and Social Development Canada and the Correctional Service of Canada are similarly sized, their functions and operational needs are not directly comparable.¹²

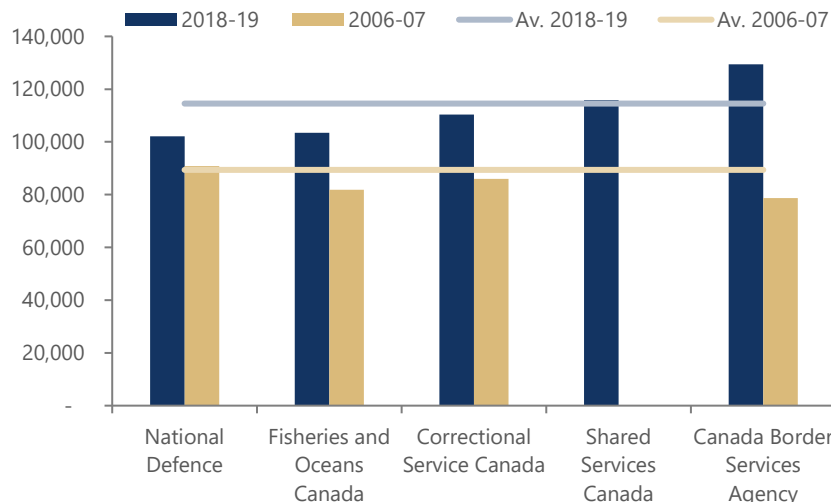
Thus, for a better comparison, in the [PEAT](#), PBO has organized departments to compare cost drivers between them based on their operational similarity – a PBO-derived similarity-score (See Annex A for the methodology of the similarity-score).

For example, using the PEAT users can discover that Correctional Services Canada is operationally most similar to the following 4 departments: Canada Border Services Agency, Department of National Defence, Fisheries and Oceans Canada, and Shared Services Canada, which are also large departments with more than 5,000 FTEs in 2018-19.¹³

While on average large departments spend less on personnel per FTE, this is not necessarily the case for all organizations. For example, in 2006-07 Canada Border Service Agency (CBSA) was spending about \$10,700 per-FTE *below* the average, but in 2018-19 the departments' costs per-FTE were more than \$14,800 *above* the average (Figure 7). The increase in 2018-19 was mainly due to a new collective agreement that CBSA signed that year, which increased salaries and wages as well as included a lump-sum retroactive payment.¹⁴

Figure 7 Personnel spending per-FTE, similar departments to Correctional Services Canada

Average spending per FTE in 2006-07: \$89,389; 2018-19: \$114,529



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Notes: Shared Services Canada was established in 2012-13, hence there is no data for it in 2006-07. Excluding one-time payments and actuarial adjustments.

To further explore the cost drivers on a per-department level as well as compare them to similarly operational departments please see the [Compare Similarity](#) page within the PEAT.

Key Insight 5: Rate of pay increases have been uniform across most departments

Figure 8 below compares of the rate of pay increases across departments, as well as offers a closer look at the fastest and slowest growing departments since 2006-07.

It shows that, for most departments the rate of pay has grown in-line with the average, as over 70 per cent of departments fall within one standard deviation from the average of about 0.7 per cent.¹⁵

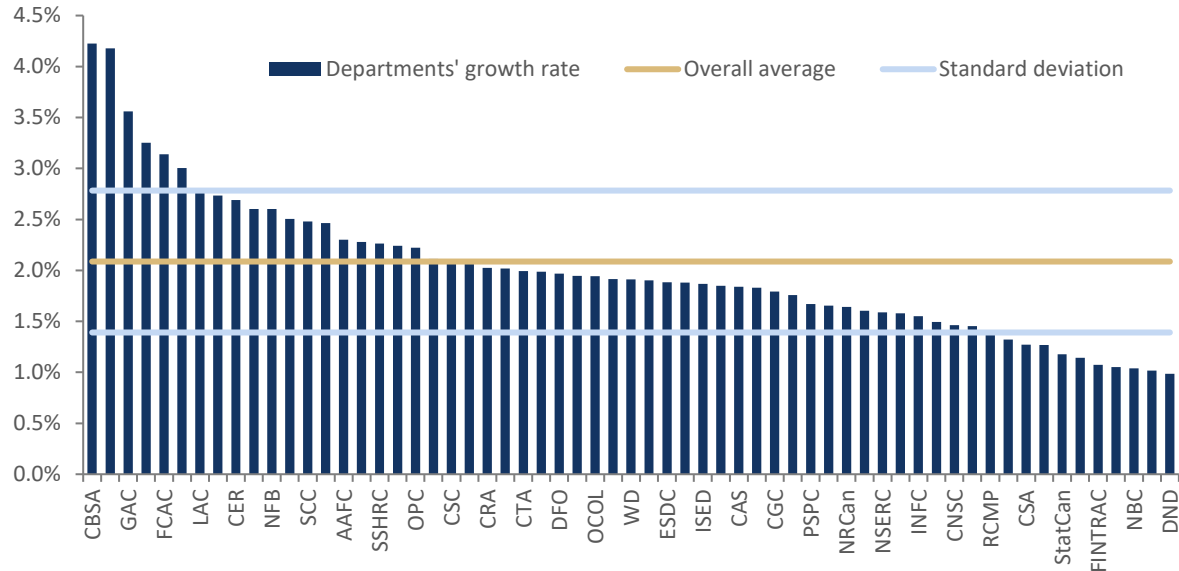
However, this growth was not uniform across all departments. For example, Canada Border Services Agency rate of pay has grown the fastest, increasing on average by more than 4 per cent over the past 12 years, while the increase in the rate of pay for the Department of National Defense has been the slowest, increasing on average by 1 per cent.¹⁶

To further explore the annual growth in personnel spending and the rate of pay for each department, please see the [Personnel Overview](#) page within the PEAT. For a deeper dive into the cost drivers behind these growths please see the [Remuneration](#) page.

Figure 8 Personnel spending per-FTE, average annual growth rate

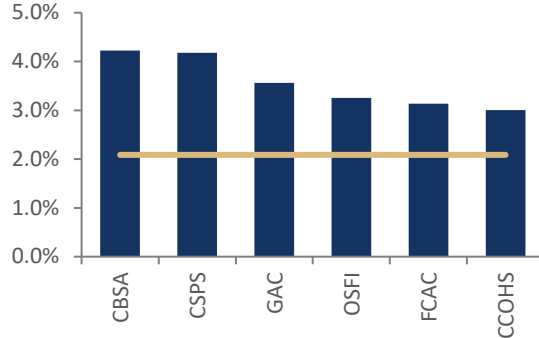
All departments¹⁷

Average annual growth rate; average across all departments demarcated with a yellow line: 2.1%, +/- std of 0.7%



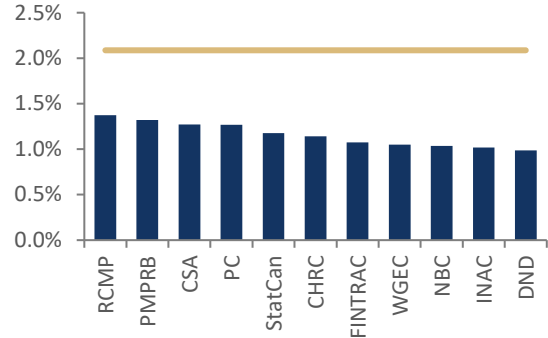
Fastest growing departments

Average annual growth rate, above one std from the average



Slowest growing departments

Average annual growth rate, below one std from the average



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Notes: Average across all departments is demarcated with a yellow line. Excluding one-time payments and actuarial adjustments. The charts above exclude 7 departments created after 2006-07.

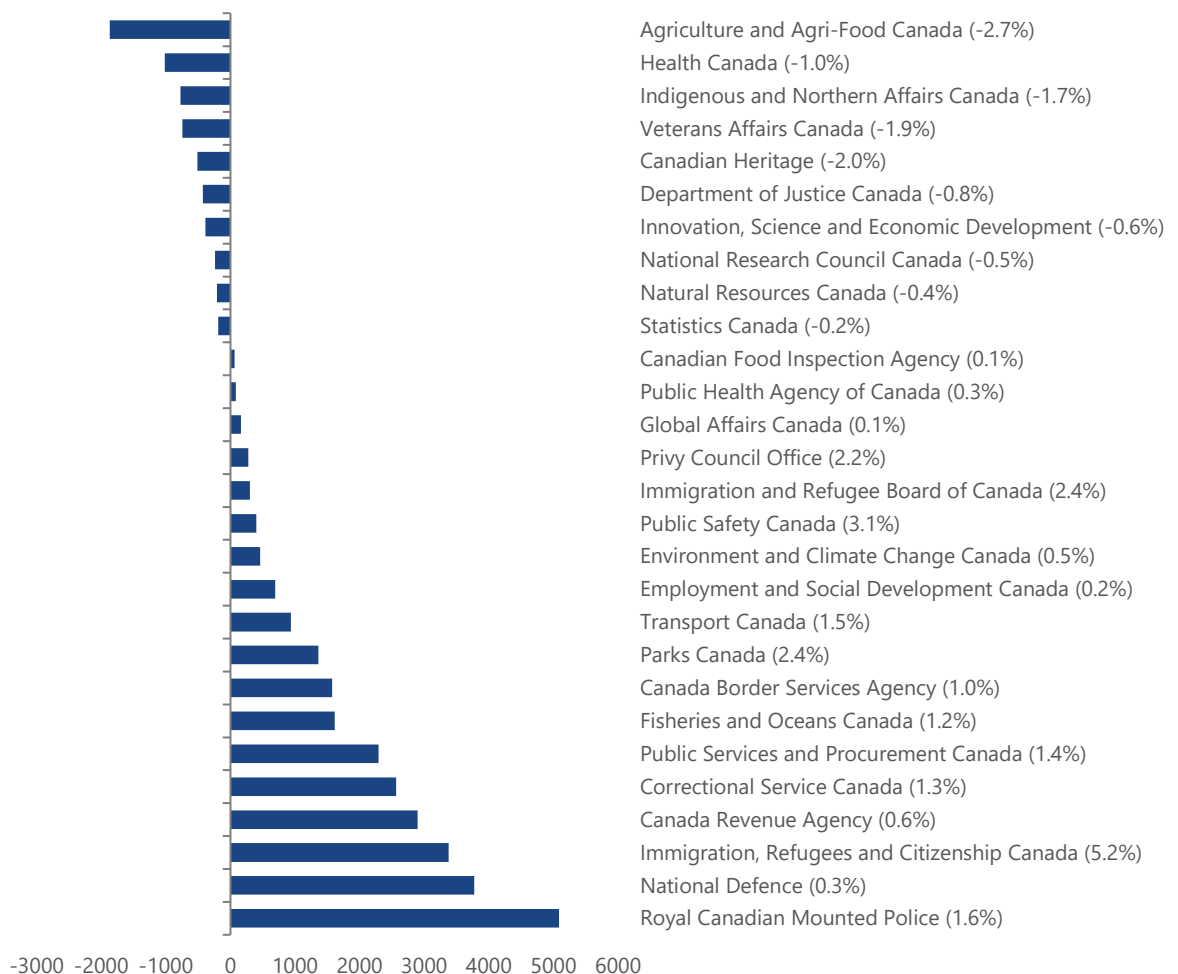
Key Insight 6: Growth in staffing has varied greatly between departments

Over the last 12 years the number of FTEs increased by more than 33,000, from around 335,000 to 369,000, growing annually by 0.8 per cent.

Since 2006-07, Royal Canadian Mounted Police has contributed the most to growth in staffing, adding more than 5,000 FTEs since 2006-07, or increasing by 1.6 per cent annually.¹⁸ Agriculture and Agri-Food Canada has decreased the most, losing more than 1,800 FTEs since 2006-07, or decreasing by 2.7 per cent annually (Figure 9).

Figure 9 Change in the number of FTEs employed since 2006-07

Sample of departments with more than 1,000 FTEs, average annual growth rate in brackets



Sources: Departmental Results Reports, TBS InfoBase, and Parliamentary Budget Officer.

Notes: This sample only includes departments with more 1,000 FTEs that have existed since 2006-07 and represents about 96 per cent of overall FTEs in 2018-19.

Staffing in departments created after 2006-07 contributed close to 13,000 FTEs by 2018-19. Of note are Shared Services Canada and Indigenous Services Canada, which together added close to 11,000 FTEs since their creation.¹⁹

Of the departments with more than 1,000 FTEs (Figure 9 above), Immigration, Refugees and Citizenship Canada has had the fastest rate of growth, increasing by 5.2 per cent annually and adding more than 3,000 FTEs since 2006-07.

More generally, annual growth in FTEs has varied greatly between departments.²⁰ While some departments have grown significantly faster than the average, more than 30 per cent of departments have experienced a decrease in their staffing since 2006-07 (Figure 10).²¹

For example, Infrastructure Canada has grown the fastest on a percentage basis, growing by more than 9 per cent annually since 2006-07 (adding 343 FTEs in total). The Canada School of Public Service has decreased the most, decreasing by more the 3 per cent annually since 2006-07 (declining by 302 FTEs in total).

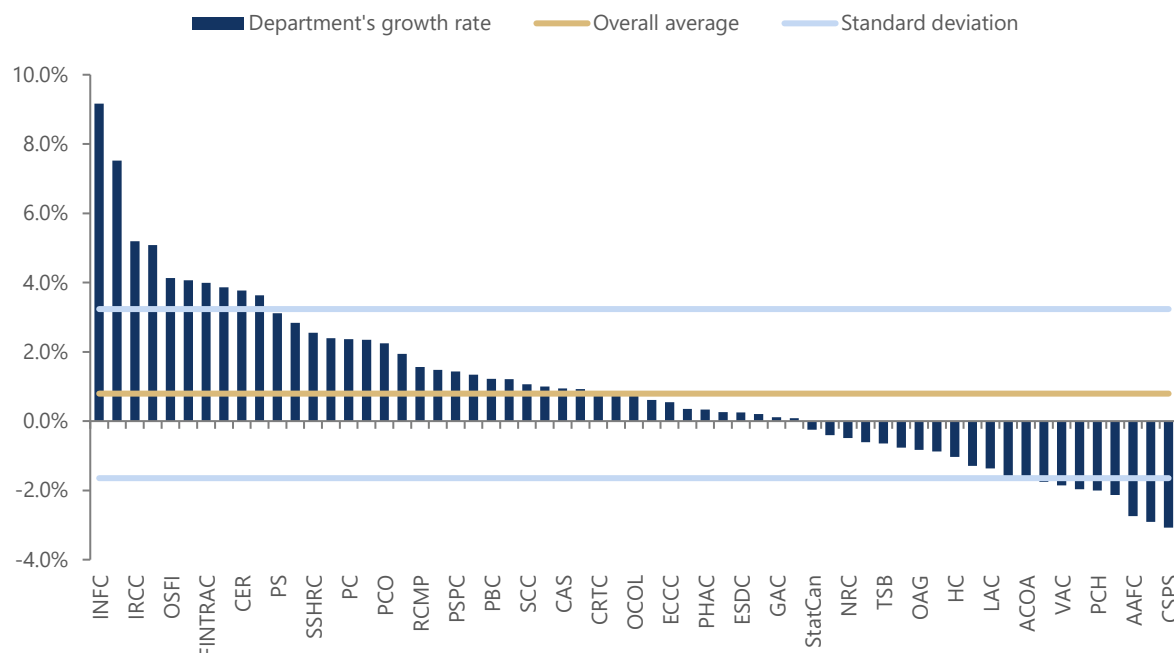
To further explore the annual trends in FTEs for each department, please see the [Employment Trends](#) page within the PEAT.

Figure 10

Full-time equivalents, average annual growth rate

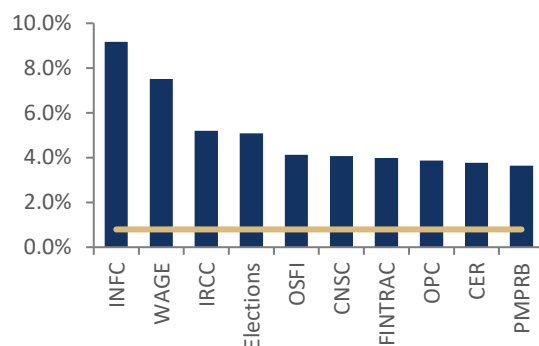
All departments²²

Average annual growth rate; average across all departments demarcated with a yellow line: 0.8%, +/- std of 2.4%



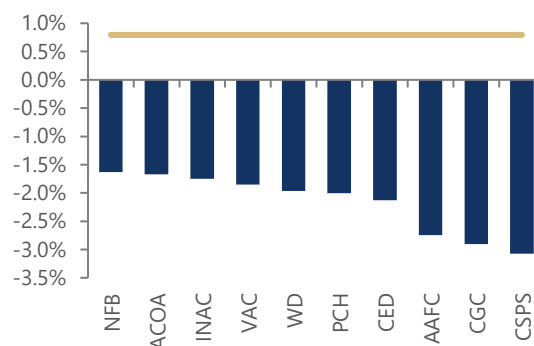
Fastest growing departments

Average annual growth rate, above one std from the average



Fastest declining departments

Average annual growth rate, below one std from the average



Sources: Departmental Results Plans, Public Accounts of Canada, and Parliamentary Budget Officer.

Notes: Average across all departments is demarcated with a yellow line. The charts above exclude 7 departments created after 2006-07.

Appendix A: Methodology

To create a department level database, the PBO collected data for 68 large and medium sized departments (2006-07 to 2018-19), representing 99.9 per cent of FTEs employed by the Treasury Board and 93 per cent of department's personnel spending in 2018-19.²³ Total government spending is aggregated from the Public Accounts of Canada and the Receiver General.

Department Inclusion Rules and Exceptions

With this project the PBO aimed to improve parliamentarians' access to existing data on department spending. Because of the large number of departments, and the many changes that occurred during the survey period with regards to the creation, merging, or elimination of departments, the PBO has set some rules for the inclusion of a department in this project.

- The department must be in existence for fiscal year 2018-19.
- There must be at least 3 years worth of data on a department.
- Departments are given names that were in effect as of fall 2019.

A notable exception to this rule is the inclusion of Indigenous Services Canada (ISC) in the project. Although ISC was created in 2017 the PBO choose to include the department because of its significant expenditure.

Notable exclusions:

1. Parliamentary entities have different reporting standards than other departments. These entities are not required to report FTEs, resulting in comparability issues. For this reason, the Senate, House of Commons, Library of Parliament, Office of the Senate Ethics Officer, Office of the Conflict of Interest and Ethics Commissioner, and Parliamentary Protection Service were excluded from this project.²⁴ PBO is working on analytical options to include these organization in future versions of the PEAT.

The Office of the Parliamentary Budget Officer (OPBO) is the only parliamentary entity that is included in the PEAT in 2018-19. The OPBO separated from the Library of Parliament in September 2017 once [Bill C-44](#) came into force. 2018-19 is the first full year for which there is personnel object data for the OPBO from the Receiver General for Canada.

2. The Treasury Board of Canada Secretariat (TBS) has the mandate to fulfill the statutory responsibilities of a central government agency. This responsibility is unique to TBS and has a substantial effect on

the departments' expenditures. As such, the PBO has chosen to exclude TBS from the PEAT.

3. The Canadian Security Intelligence Service has different reporting standards than other departments and does not report FTEs on an annual basis. It has been excluded from this project.

Due to differences in reporting between disaggregated and aggregated personnel expenditures some departments have been combined or certain years have been excluded:

1. **Public Safety Canada:** includes the Civilian Review and Complaints Commission for the Royal Canadian Mounted Police, the Office of the Correctional Investigator of Canada, and the Royal Canadian Mounted Police External Review Committee for all surveyed years.
2. **Veterans Affairs Canada:** includes the Veterans Review and Appeal Board for all surveyed years.
3. **Department of Women and Gender Equity (DWGE):** the department was created by [Bill C-86](#) in December 2018, replacing the Office of the Coordinator, Status of Women (previously under the Department of Heritage Canada). For continuity, DWGE includes FTEs and expenditures that are listed under Status of Women in the 2019 Public Accounts. For all prior years, Status of Women is referred to as Women and Gender Equity in the tool.
4. **Department of Justice:** includes the Public Prosecution Service of Canada from 2006-07 to 2007-08, as the office operated as a Special Agency under the Department of Justice for those years.
5. **Environment and Climate Change Canada:** includes the Impact Assessment Agency for all years surveyed, as the office operates as a Special Operating Agency under Environment and Climate Change Canada.
6. **Canadian Northern Economic Development Agency:** The department was created in 2009 as a Special Operating Agency under Indigenous and Northern Affairs Canada. In 2011-12, the agency began to operate on its own. As such, data on the department is displayed only from 2011-12 onward.
7. **Employment and Social Development Canada:** On February 2006, the department of Human Resources and Skills Development Canada and Social Development Canada were consolidated into the Department of Human Resources and Skills Development (currently known as Employment and Social Development Canada). In the 2007 Public Accounts and in IR0074 both departments are still listed separately. For consistency across all years, the departments were combined in 2006-07.

Adjusting for centralized spending

As the employer of the public service, the Treasury Board Secretariat incurs costs related to employees in other departments. These costs include:

- Employer contribution to Public Service Pension Plans- Account deficiency
- Employer contribution to Retirement Compensation Arrangements Account
- Employer contribution to hospital and medical plans
- Employer contribution for disability insurance
- Employer contributions – Other

In 2018-19 these combined costs totaled \$6.4 billion, representing 96% of TBS's personnel spending. Under the Government's accounting standards these costs are the responsibility of the Treasury Board, they reflect total compensation for work completed in each employee's respective employing department. As such, the PBO has chosen to reallocate these costs across all departments (for which Treasury Board is the employer) weighted by the departments' total spending on personnel.

When these costs are redistributed, costs for departments included in this report (excluding TBS) increased by 14 per cent in 2018-19.

Centralized spending also includes costs related to account deficiencies of the RCMP Pension Plan (under RCMP) and the Canadian Forces Pension Plan (under the Department of National Defence). Public Sector Pension Plan costs are allocated to departments whose staff contribute to and are eligible for the Public Service Pension Plan. Other pension plan costs are allocated to the relevant departments (for example, actuarial deficiencies for the RCMP Pension Plan are allocated only to the RCMP).

Due to these adjustments, personnel expenditures for individual departments in the PEAT and the report will differ from those published in the Public Accounts. Personnel expenditures for the overall government will match the results published in the Public Accounts.

Grouping by Similarity

To help users make relevant comparisons across departments, the PBO has developed a similarity-score.

To create the similarity-score the Euclidian distance between each possible pairings of departments was calculated based on the number of FTEs, total expenditures, transfers-to-operating ratio, and its' capital-to-operating ratio. Each factor was given equal weighting.

When selecting a department on the [Compare, Similarity](#) page the 4 departments with the combined greatest similarity (least distance) to the selected department are also displayed.

Appendix B: Data and definitions

The PBO collected data on the number of full-time employees, spending by category, and personnel spending categorized on an aggregate and per department basis.

Full-time equivalents

The PBO chose to measure workforce size using the number of full-time equivalents (FTE) instead of the number of employees (a “headcount”) as it reflects a more accurate measure of work capacity.

FTEs are calculated as a ratio of assigned hours of work throughout the year to scheduled hours of work, as set out in collective agreements. For term and seasonal employees, the FTE calculation is also adjusted for the proportion of paid weeks in a year. The below outlines the sources used.

1. 2006-07 to 2007-08:

TBS was unable to provide the PBO with the aggregate number of full-time equivalents for years prior to 2008-09. Instead, the PBO estimated the number of full-time equivalents from a sample of 68 large and medium sized departments using their respective [Departmental Results Reports](#) (formerly called Departmental Performance Reports).

2. 2008-09 to 2018-19:

The number of full-time equivalents was received from TBS on an aggregate and per department basis, and confirmed using the [Departmental Results Reports](#) (formerly called Departmental Performance Reports). For 2018-19, [TBS Infobase](#) was used to gather data on an aggregate and per department basis.

Personnel spending

Spending by category was collected from [Public Accounts of Canada](#), Volume 2, Table 3.

A further breakdown of the standard object for personnel expenditure was provided to the PBO through a recurring Information Request from the Receiver General ([IR0074](#)). The PBO grouped these expenditures into the following categories: salary, pension, overtime and bonus, employment insurance, and other payments (including centralized spending and other health and benefits related to employee health and benefits).

In order to improve transparency and clarity the PBO uses the following definitions throughout this report and the PEAT:

Operating – Includes personnel, quasi-personnel, professional and special services and other subsidies and payments. This excludes spending associated with consolidated Crown corporations, accrual and adjustments, and consolidated specified purpose accounts. (Source: [Public Accounts of Canada](#), Standard Objects 1,2,3,4,5,6,7, and 12)

Personnel – Includes all current cash expenditures related to personnel, including salaries and wages, and the government's annual cash contributions to various employee pension and benefit plans. (Source: Public Accounts, Standard Object 1).

The components of personnel spending are (Source: [IR0074](#)):

1. Salaries and wages – Include payments related to the salaries of civilian, military, and Royal Canadian Mounted Police (RCMP) personnel as defined by their collective agreements (includes continuing, part-time, seasonal, casual and student employment), and other salaries and wages²⁵.
2. Overtime and Bonuses – Includes civilian premium, holiday, overtime pay, and other allowances and benefits; the bilingual bonus; and Royal Canadian Mounted Police members overtime pay and pay in lieu of leave.²⁶
3. Pension – includes federal contributions to its' defined benefit pension plans (public service, the Royal Canadian Mounted Police, and the Canadian Armed Forces). As well as federal contributions for the Public Service Death Benefit Account, the Canadian Forces Supplementary Death Benefit, the Retirement Compensation Arrangements Account, the Members of Parliament Retirement Allowance Account, the Canada and Quebec Pension Plans, and other pension payments and supplementary personnel costs including Judges Act.²⁷
4. Employment Insurance - Employer contribution to Employment Insurance.²⁸
5. Other payments related to health and benefits:
 - a. Centralized Spending – TBS's portion of:
 - i. Account deficiencies related to the Public Service Pension Plan;
 - ii. Employer contribution to Retirement Compensation Arrangements Account;
 - iii. Employer contribution to hospital and medical plans;

- iv. Employer contribution for disability insurance, and;
- v. Other employer contributions.

The portion of these costs that is not incurred by TBS is included in other payments, except for Employer contribution to Retirement Compensation Arrangements Account which is under pension payments.

Central spending also includes costs related to account deficiencies of the RCMP Pension Plan (under RCMP) and the Canadian Forces Pension Plan (under the Department of National Defence).²⁹

- b. Other payments – includes severance pay and termination benefits, retroactive payments for current and prior fiscal years, pay equities and various allowances reallocation of capital expenditures, payments related to executive interchange and other exchange programs, provincial workers' compensation boards payments and recoveries, compensation for additional or specific duties performed and supplementary employee benefits and other supplementary personnel costs.³⁰

Other payments also include the costs listed under centralized spending that are not incurred by TBS (see note above).

- Quasi-personnel – Includes costs related to transportation and communications, information, rentals, repair and maintenance, and utilities, materials and supplies ([Public Accounts of Canada](#), Standard Objects 2, 3, 5, 6, and 7).
- Professional and Special Services – Includes all expenditures related to professional and special services, including services performed by individuals or organizations and payments for hospital treatment, care of veterans and welfare services. ([Public Accounts of Canada](#), Standard Object 4).
- Other Subsidies and Payments – Includes all expenditures in the forms of subsidies and payments not elsewhere specified by another Standard Object, including payments to certain non-budgetary accounts, as well as the write-offs of various types of losses, the annual adjustment of reserves for financial claims and some other miscellaneous items referred to as "Sundries". (Source: [Public Accounts of Canada](#), Standard Object 12).

Notes

1. Accrual accounting basis.
2. Spending on future benefits includes both the cash component for future benefits earned in the current fiscal year and accrual charges for future benefits earned in subsequent fiscal years.

PBO analysis and additional information on future benefits can be found in a 2018 report titled [*Federal Personnel Spending: Past and future trends*](#).
3. Salaries and wages, overtime and bonus, and other employer contributions related to the health and benefits of federal employees are decided through collective bargaining between the Government and unions representing groups of workers.

Pension costs are linked to salaries and wage amounts for both current and former employees. The government has control over the contribution terms for current employees.

Employment insurance contribution are set based on federal regulation, the same as a private employer.

Other payments include account deficiencies related to the government's multiple employee pension plans, among other benefits. Account deficiencies are paid by TBS sensitive to economic and demographic changes.
4. Excluding one-time payments, during this period personnel spending has grown on average by 2.9 per cent.
5. Spending per-FTE grew sharply in 2017-18 by about 14 percent, partly due to one-time payments. Excluding one-time payments spending per-FTE grew by 5 per cent in 2017-18.

One-time payments in 2017-18 and 2018-19 were larger than in prior years. One-time payments totalled \$3.9 billion in 2018-19, largely attributed to a \$2.9 billion shortfall in the Superannuation Account in 2016-17, which was paid out in full in 2018-19 (valued at \$3.1 billion in 2018-19).

In 2017-18, one-time payments totalled \$4.6 billion, largely attributed to a \$2.0 billion shortfall in the Canadian Forces Superannuation Account.

For prior years, one-time payments averaged at around \$1.9 billion from 2011-12 to 2016-17, and \$0.7 billion from 2008-09 to 2010-11. With that said, there is large variability from year to year in these payments.

Excluding one-time payments, spending per-FTE grew annually by 2.1 per cent over the past 12 years. Hence, spending per-FTE was still the main contributor to growth in personnel spending, as opposed to hiring growth.
6. Statistics Canada, Labour Force Survey and Consumer Price Index.
7. Declines in the number of personnel began in 2011-12. Between 2011-12 and 2014-15, the number of federal FTEs declined by 8 per cent from 371,000 in 2010-11 to 341,000 in 2014-15. Due to these reductions, the government has incurred large costs related to severance pay and

termination benefits (\$1.6 billion on average in each year). This contributed to the large year-over-year increases in personnel spending in 2011-12 and 2012-13.

8. Other expenses linked to employee compensation largely include Employment Insurance, centralized spending and other payments. See Annex B for the definitions.
9. Over the past 12 years, employer contributions to health and medical plans and disability insurance represented, on average, about 50 per cent of the "other payments" category.

Holiday pay in lieu of leave for the military and RCMP is part of the "overtime and bonus" category. Over the same period, overtime and bonus represented, on average, about 30 percent of the "other payments" category.

10. With that said, there is large variability in compensation costs between departments of relatively similar size, particularly departments with less than 5,000 FTEs.
11. In fact, close to 80 per cent of departments' average growth over the last 12 years has grown roughly in-line with the overall average. The calculations exclude one-time and actuarial adjustments (account deficiencies related to pension plans).
12. Using the PEAT, users can discover that Employment and Social Development Canada is more comparable to Canadian Institute of Health Research, Department of Canadian Heritage, Department of Finance, and Immigration, Refugees and Citizenship Canada. These large departments generally have greater responsibility for delivering transfers, rather than the operationally-focused Correctional Service of Canada.
13. Inter-departmental comparisons will always be limited by idiosyncratic differences between organizations. The factors influencing similarity can be subjective. Thus, PBO has included in PEAT a tool where users can select a customized list for departmental comparisons.
14. Up until 2018-19, CBSA spent about \$8,600 less per FTE than the average. In 2018-19, personnel expenditures for the CBSA increased by 28 per cent (or 37 per cent when centralized spending is included) as they signed their collective agreement in that year. This resulted in retroactive payments and increases in salaries and wages. For more information, please see [Canada Border Service Agency's 2018-19 Departmental Results Report](#).
15. Excluding departments that were created after 2006-07.
16. As noted above, the CBSA has grown the fastest mostly due to the collective agreement signed in 2018-19.

Rate of pay increases exclude one-time payments and other actuarial adjustments. Comparison excludes departments that were created after 2006-07.
17. The chart excludes departments that were created after 2006-07: Financial Consumer Agency of Canada, Shared Services Canada, Administrative Tribunals Support Service of Canada, Canadian Northern Economic Development Agency, FedDev Ontario, Public Prosecution Service of Canada, and Indigenous Service Canada.
18. Figure excludes departments established after 2006-07.

19. When both Shared Services Canada and Indigenous Service Canada were created, they drew employees from other departments. In 2012-13 when Shared Services Canada was created 5,895 FTEs were added to the newly created department, while FTEs decreased in all other departments by 14,730 FTEs. Some of this decrease is due to Shared Services Canada's creation, while the other is due government policy to reduce the size of the federal government.

When Indigenous Services Canada was created in 2017-18 it drew some of its FTEs from Crown-Indigenous Relations and Northern Affairs Canada. On net, in 2017-18 Indigenous Services Canada added 1,118 FTEs in 2017-18 and 3,188 FTEs in 2018-19.

20. The standard deviation for the average annual growth in FTEs is 2.4 per cent compared with 0.7 per cent for compensation per-FTE, indicating that there is greater variance in the growth of FTEs between departments.
21. It is important to remember that between 2011-12 and 2014-15 the number of federal employees declined in each fiscal year, with more than 70 per cent of departments experiencing declines in staffing during those years. While some departments like Infrastructure Canada have more than recouped their lost staff, others have not.
22. The chart excludes departments that were created after 2006-07: Financial Consumer Agency of Canada, Shared Services Canada, Administrative Tribunals Support Service of Canada, Canadian Northern Economic Development Agency, FedDev Ontario, Public Prosecution Service of Canada, and Indigenous Service Canada.
23. One reason why FTE counts covered is higher in proportion to expenditures is that the Office of the Commissioner for Federal Judicial Affairs is responsible for paying federal judges but does not employ them.
24. Under the Treasury Board of Canada Secretariat's (TBS) [Policy on Results](#), Parliamentary entities are exempt from most reporting requirements including publishing an annual Departmental Result Report and reporting these results to TBS. Departmental Result Reports include information on full-time equivalents.
25. This corresponds to personnel objects from the Receiver General for Canada: 0101, 0102, 0113, 0115.
26. This corresponds to personnel objects from the Receiver General for Canada: 0103, 0104, 0105, 0106, 0114, 0118, 0120, 0127.
27. This corresponds to personnel objects from the Receiver General for Canada: 0160, 0162, 0164, 0166, 0170, 0171, 0172, 0173, 0185, 0188.
28. This corresponds to personnel objects 0169 from the Receiver General for Canada.
29. This corresponds to personnel objects from the Receiver General for Canada: TBS's portion: 0161, 0174, 0176, 0177; DND: 0165; RCMP: 0168.
30. This category includes all other personnel objects not included above.