

November 16, 2023



# Supplementary Estimates (B) 2023-24



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 provides a detailed analysis of the Government's second Supplementary Estimates for the 2023-24 fiscal year, which seeks Parliament's approval of \$20.7 billion.

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**Yves Giroux**

**Parliamentary Budget Officer**

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# Highlights

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These Supplementary Estimates outline \$24.6 billion in incremental spending. Parliament's approval is required for \$20.7 billion.

Roughly 11 per cent (\$2.8 billion) of the proposed spending relates to money announced in Budget 2023.

Approximately 40 per cent (\$10.0 billion) of the proposed spending relates to the Indigenous portfolio.

Parliamentarians have four weeks from tabling to approve the Government's financial request.

# Summary

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The Supplementary Estimates (B), 2023-24 is the second planned Supplementary Estimates in 2023-24 and supports the fourth appropriation bill for the current fiscal year.

These Supplementary Estimates outline \$24.6 billion in incremental spending. Parliament's approval is required for \$20.7 billion. Statutory authorities, for which the Government has Parliament's approval to spend via other legislation, are forecast to increase by a total of \$3.9 billion.

Roughly 11 per cent (\$2.8 billion) of spending is for 74 Budget 2023 measures. This brings the total proposed spending to date for Budget 2023 initiatives to around \$10.0 billion for 2023-24.

Approximately 40 per cent (\$10.0 billion) of the proposed spending in these Supplementary Estimates relates to the Indigenous portfolio, with a significant portion for the negotiation and resolution of Indigenous claims.

To support parliamentarians in their scrutiny of Budget 2023 implementation, the PBO has prepared [tracking tables](#) that list all budget initiatives, the planned spending amounts and the corresponding legislative funding authority. These tables will be updated over the course of the year as the Government brings forward its legislative agenda.

PBO is available to offer briefings or answer questions on any items included in the Government's Estimates.

# 1. Overview

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The Government can only spend public money with Parliament's permission. This can be done in two ways.

Parliament can provide its permission through approval of appropriation bills, which generally provide permission to spend certain amounts of money in a given year. Alternatively, Parliament can also provide ongoing permission to spend through continuing legislation, such as the Old Age Security benefits paid under authority of the *Old Age Security Act*.<sup>1</sup>

The Supplementary Estimates reflect "additional spending requirements which were either not sufficiently developed in time for inclusion in the Main Estimates or have subsequently been refined to account for developments in particular programs and services."<sup>2</sup>

The Supplementary Estimates (B), 2023-24 is the second planned Supplementary Estimates in 2023-24 and supports the fourth appropriation bill for the current fiscal year.

## 1.1 Proposed Spending

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Supplementary Estimates (B), 2023-24 outlines an additional \$24.6 billion in budgetary authorities (Table 1). Voted authorities total \$20.7 billion and statutory authorities are forecast to increase by a total of \$3.9 billion.

**Table 1**  
Supplementary Estimates (B), 2023-24: Total Authorities

<b>Authorities (\$billions)</b>	<b>Budgetary</b>	<b>Non-budgetary</b>
<b>Voted</b>	20.7	0
<b>Statutory</b>	3.9	0
<b>Total</b>	24.6	0

Source:

Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2023-24.

The forecasted increase in statutory authorities is largely driven by a \$2.0 billion Canada Health Transfer (CHT) top-up payment to the province and territories to help reduce backlogs and respond to urgent pressures, as announced by the Prime Minister and the Minister of Finance in June.<sup>3</sup>

Including these Supplementary Estimates, the total proposed year-to-date budgetary authorities are \$480.5 billion, which represents a \$37.2 billion (or 8.4 per cent) increase compared with the Estimates to date for the preceding year.

## 2. Major Expenditures

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### 2.1 Budget 2023

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The budget serves as the Government's comprehensive fiscal plan, encompassing both ongoing programs and new spending initiatives. Most budget spending measures require Parliament's approval through the Estimates process and inclusion in an appropriation bill.

In Budget 2023, the PBO identified just over 200 budget initiatives, of which 152 contain forecasted spending in 2023-24. To monitor the implementation of these initiatives, the PBO has been cross-referencing them with items included in the Estimates and other legal mechanisms, as published in our online [tracking tables](#).

These Supplementary Estimates are seeking \$2.8 billion for 74 Budget 2023 measures. This brings the total proposed spending to date for Budget 2023 initiatives to around \$10.0 billion, which includes Budget measures introduced through the Estimates and other legal mechanisms.

This amounts to nearly 60 per cent of the projected total for Budget 2023 expenditures in 2023-24. In comparison, over 90 per cent of total Budget 2022 spending for 2022-23 had appeared in the Estimates or through other legal mechanisms at this point last year. The five largest Budget 2023 measures included in these Supplementary Estimates are listed in Table 2.

**Table 2**  
Major Budget 2023 measures

Department	Amount (\$ millions)	Budget Measure
Indigenous Service Canada	464	Supporting Indigenous Health Priorities
Employment and Social Development Canada	200	Investing in Canada's Labour Market Transfer Agreements
Public Health Agency Canada	226	Supporting the Public Health Agency of Canada
Via Rail Canada Inc.	189	Investing in VIA Rail Trains and Services
Health Canada	179	New Canadian Dental Care Plan

Source:

Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2023-24; Finance Canada, Budget 2023.

Note:

These amounts include Employee Benefit Plans (EBP).

## Refocusing Government Spending

Budget 2023 announced planned spending reductions on consulting, professional services and travel by roughly 15 per cent (\$500 million) of planned 2023-24 discretionary spending in these areas.

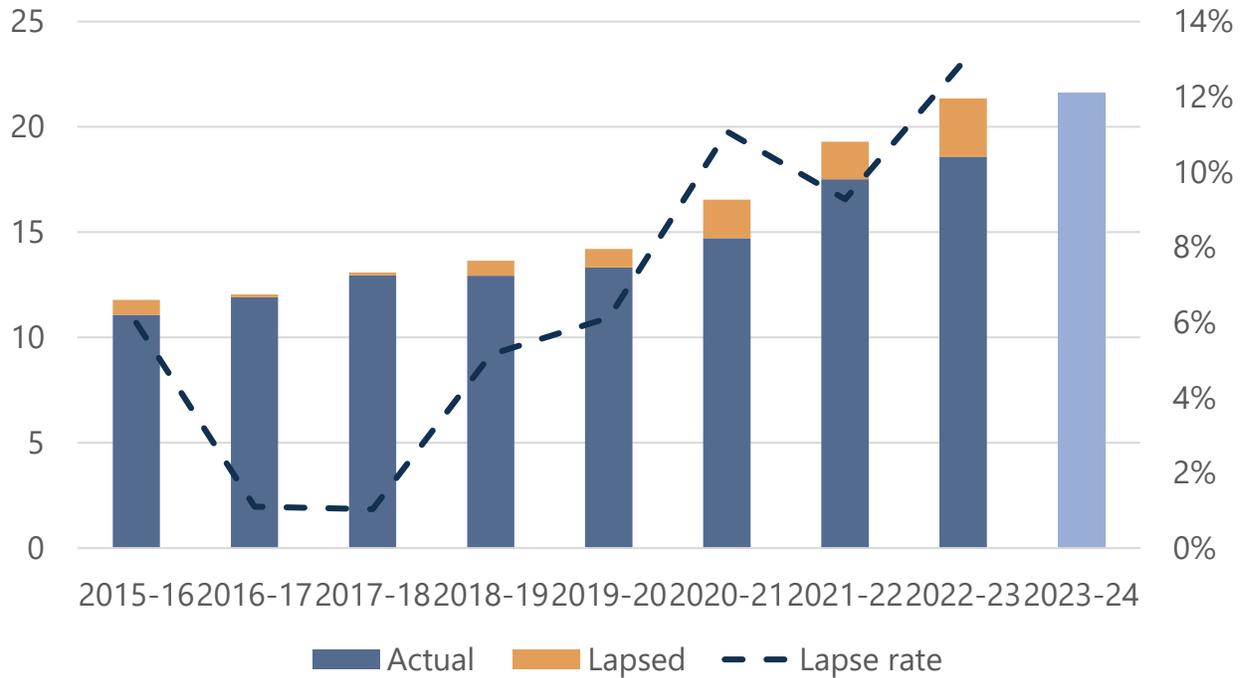
These Supplementary Estimates state that to achieve the reductions in 2023-24, \$500 million is being frozen across 68 organizations.<sup>4</sup> Of this amount, \$350 million relates to professional and special services and the remaining \$150 million for travel.<sup>5</sup> Frozen amounts will automatically lapse at the end of the fiscal year.

Spending on professional and special services continues to increase, despite recent higher lapse rates (Figure 2-1). Inclusive of Supplementary Estimates (B), 2023-24, total proposed authorities for professional and special services are at a record \$21.6 billion. This amount will likely increase with additional spending requests in the next Supplementary Estimates.

PBO notes that even with the reduction, planned spending in 2023-24 remains above previous years' spending levels.

**Figure 2-1**  
Spending on professional and special services

(\$ billions)



Textual description:

Fiscal year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Actual (\$ billions)</b>	11.1	11.9	13.0	12.9	13.3	14.7	17.5	18.6	21.6*
<b>Lapsed (\$ billions)</b>	0.7	0.1	0.1	0.7	0.9	1.8	1.8	2.8	0
<b>Lapse rate (%)</b>	6.0	1.1	1.0	5.1	6.1	11.1	9.3	12.9	0

Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2023-24.

Note:

Data up until and including 2022-23 are actuals. \*Data for 2023-24 represent total proposed authorities.

## 2.2 Indigenous Reconciliation

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Approximately 40 per cent (\$10.0 billion) of the proposed spending in Supplementary Estimates (B), 2023-24 is for the Indigenous portfolio, including \$9.0 billion to Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) and \$1.0 billion to Indigenous Services Canada (ISC).

A significant portion of this proposed spending relates to the negotiation and resolution of Indigenous claims. Notable items under CIRNAC include:

- \$5.0 billion for the Restoule Settlement Agreement;
- \$1.6 billion to settle land related claims and litigation;
- \$651 million for the Federal Indian Day Schools Settlement (McLean);  
and
- \$596 million for the Specific Claims Settlement Fund.

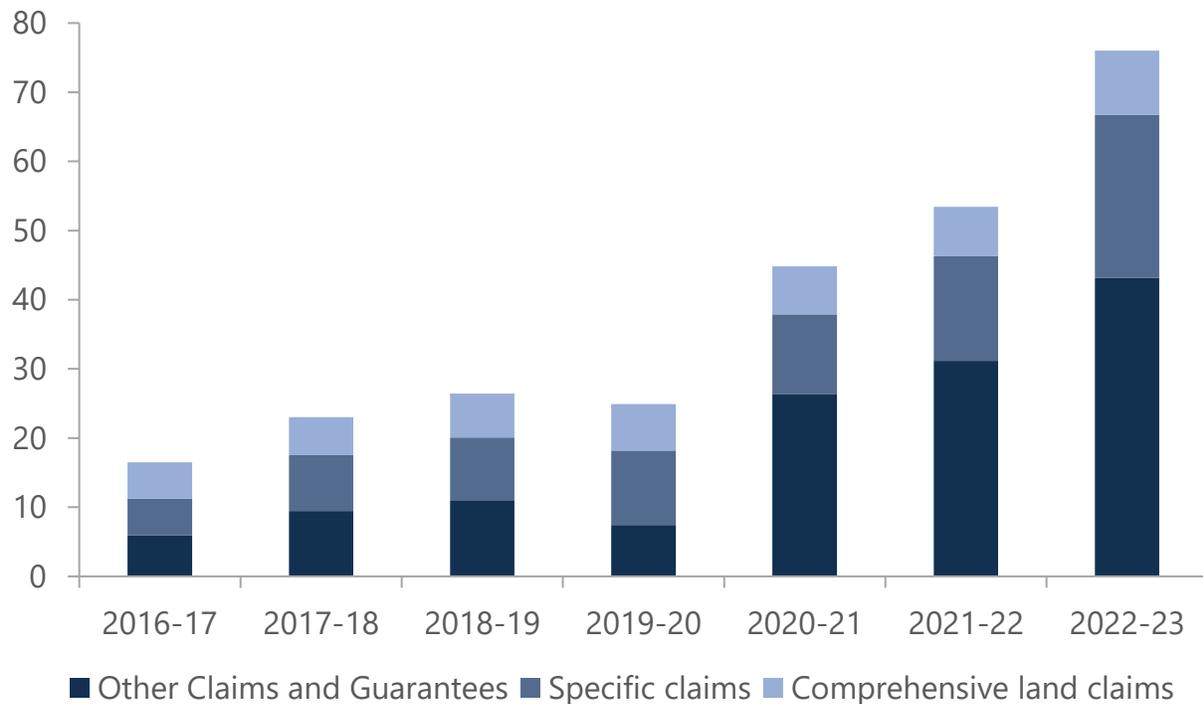
Funding for settlements is included in the Estimates once there is a cash need for payments. However, most of these costs would have already been reflected in the Government's financial statements at the time in which they are recognized as a contingent liability.

Public Sector Accounting Standards (PSAS) prescribe that a contingent liability is recognized when there is a probability of 70 per cent or greater of a liability being incurred and it can be reasonably quantified.<sup>6</sup>

Since 2016-17, overall contingent liabilities rose by 360 per cent (Figure 2-2). Given this increase, ongoing parliamentary spending request can be anticipated through future Main and Supplementary Estimates.

## Figure 2-2 Provisions for Contingent Liabilities

(\$ billions)



Textual description:

Fiscal year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Other Claims and Guarantees (\$ billions)</b>	6	9	11	7	26	31	43
<b>Specific claims (\$ billions)</b>	5	8	9	11	12	15	24
<b>Comprehensive land claims (\$ billions)</b>	5	5	6	7	7	7	9

Source:

Receiver General of Canada, Public Accounts of Canada.

Note:

Contingent liabilities are reported at the end of the fiscal year.

## 2.3 Personnel Spending

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Personnel spending accounts for \$4.2 billion (or 17.2 per cent) of budgetary authorities in Supplementary Estimates (B) 2023-24, bringing the total proposed authorities to date for this fiscal year to \$58.2 billion (or 12.1 per cent of total spending).

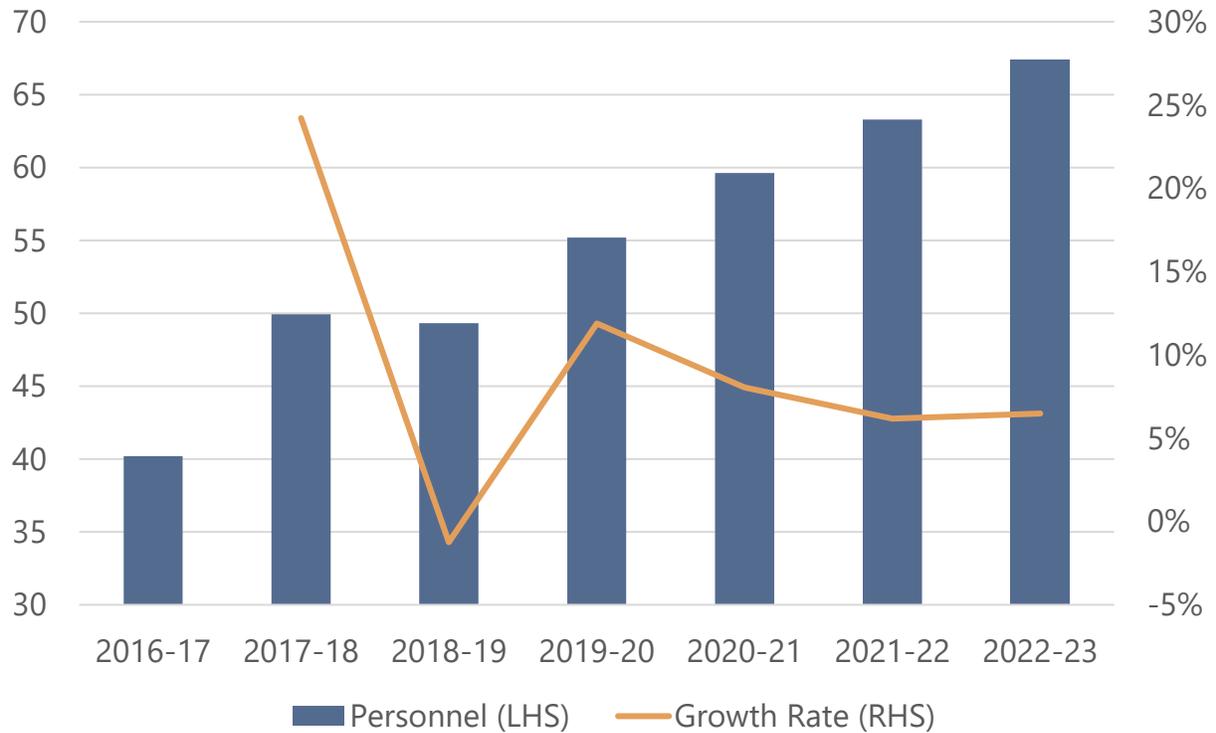
Items in these Supplementary Estimates include:

- \$2.1 billion to the Treasury Board of Canada Secretariat (TBS) to compensate organizations for negotiated salary adjustments;
- \$584 million to the Department of National Defence for compensation and benefits for the Canadian Armed Forces; and
- \$359 million to TBS for Public Service Insurance plans and programs.

In 2022-23, spending on personnel continued to increase, totaling \$67.4 billion (Figure 2-3). Based on the Fiscal Monitor, spending on personnel in the first five months of 2023-24 is up 4.2 per cent over the same period last year. In June, the Government approved 8 collective agreements covering 138,000 public service employees.<sup>7</sup>

**Figure 2-3**  
**Personnel Spending**

(\$ billions)



Textual description:

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Personnel (\$ billions)</b>	40.2	49.9	49.3	55.2	59.6	63.3	67.4
<b>Growth Rate (%)</b>	0	24.2	-1.2	11.9	8.0	6.2	6.5

Source:

Receiver General of Canada, Public Accounts of Canada.

Note:

Data for all years are actual personnel expenses.

# Notes

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<sup>1</sup> [Old Age Security Act.](#)

<sup>2</sup> Treasury Board of Canada Secretariat. [Supplementary Estimates \(B\), 2023-24.](#)

<sup>3</sup> Department of Finance Canada. [Government of Canada delivers additional \\$2 billion Canada Health Transfer payment to provinces and territories.](#)

<sup>4</sup> Treasury Board of Canada Secretariat. [Refocusing Government Spending: Frozen Allotments in Voted Authorities in 2023-24.](#)

<sup>5</sup> CPAC. [Treasury Board President on Plan for Govt Spending Cuts – November 9, 2023.](#)

<sup>6</sup> [Public Accounts of Canada 2023](#); Volume 1; Section 2.

<sup>7</sup> Treasury Board of Canada Secretariat. [Government of Canada approves 8 collective agreements representing 138,000 public service employees.](#)

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