

June 03, 2021



# SUPPLEMENTARY ESTIMATES (A) 2021-22



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 note presents a detailed analysis of the Government's first Supplementary Estimates for the 2021-22 fiscal year, which seeks Parliament's approval of \$24.0 billion.

Lead Analysts:

Jill Giswold, Analyst

Jason Stanton, Senior Analyst

This report was prepared under the direction of:

Jason Jacques, Director General

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

For further information, please contact [pbo-dpb@parl.gc.ca](mailto:pbo-dpb@parl.gc.ca)

Yves Giroux

Parliamentary Budget Officer

RP-2122-008-S\_e

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# Table of Contents

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<b>Executive Summary</b>	<b>3</b>
<b>1. Introduction</b>	<b>5</b>
1.1. Overview – Total Authorities	5
<b>2. Major Expenditures</b>	<b>6</b>
2.1. Budget 2021 Measures	6
2.2. COVID-19 Measures	7
2.3. Tracking COVID-19 Spending	8
2.4. Other Measures	8
<b>Notes</b>	<b>10</b>

# Executive Summary

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The *Supplementary Estimates (A) 2021-22* is the first planned Supplementary Estimates in 2021-22 and supports the third appropriation bill for the current fiscal year. It outlines an additional \$41.2 billion in budgetary authorities. Voted authorities, which require approval by Parliament, total \$24.0 billion. Statutory authorities, for which the Government has Parliament's permission to spend via other legislation, are forecasted to increase by a total of \$17.2 billion.

A significant portion of these Supplementary Estimates include authorities for Budget 2021 and COVID-19 measures. Some notable measures highlighted in the report include:

- \$3.0 billion in voted and statutory authorities to the Department of Employment and Social Development Canada and Indigenous Services Canada for the Budget 2021 measure to establish a Canada-wide Early Learning and Child Care System; and
- \$3.9 billion in forecasted statutory authorities to the Department of Employment and Social Development Canada for the three benefits under the *Canada Recovery Benefits Act*.

These Supplementary Estimates also include authorities for items not related to the Budget or COVID-19, such as:

- \$3.2 billion in voted authorities to Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada to resolve outstanding legal claims and fulfil settlement obligations with Indigenous stakeholders.

PBO continues to update its [monitoring framework](#) to assist parliamentarians in keeping track of all the Government's announcements and spending related to COVID-19.

As noted in previous PBO reports, there had been a lack of publicly available information published by the Government on actual pandemic spending. However, in recent months, there have been notable improvements worth highlighting.

As a result of motions presented in two committees in the House of Commons, the Government started providing monthly updates.

- TBS is providing monthly estimated expenditure reports to the Standing Committee on Government Operations and Estimates (OGGO).

- The Department of Finance and relevant Crown corporations are providing monthly reports to the Standing Committee on Finance (FINA).

# 1. Introduction

The Government cannot spend public money without Parliament's permission. This happens in two ways.

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

The *Supplementary Estimates (A) 2021-22* is the first planned Supplementary Estimates in 2021-22 and supports the third appropriation bill for the current fiscal year.

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>

## 1.1. Overview – Total Authorities

*Supplementary Estimates (A) 2021-22* outlines an additional \$41.2 billion in budgetary authorities (Table 1-1). Voted authorities, which require approval by Parliament, total \$24.0 billion. Statutory authorities, for which the Government obtains Parliament's permission to spend through other legislation, are forecasted to increase by a total of \$17.2 billion.

Non-budgetary authorities, which include loans, investments and advances, are increasing by \$224 million.

Table 1-1

### *Supplementary Estimates (A), 2021-22: Total authorities*

	Budgetary (\$ billions)	Non-budgetary (\$ billions)
<b>Voted</b>	24.0	0
<b>Statutory</b>	17.2	0.2
<b>Total</b>	<b>41.2</b>	<b>0.2</b>

Source: Treasury Board of Canada Secretariat, *Supplementary Estimates (A), 2021-22*.

Note: Totals may not add due to rounding.

Including these Supplementary Estimates, the total proposed year-to-date budgetary authorities are \$383.4 billion, which represent a \$95.3 billion (19.9 per cent) decrease over the 2020-21 Estimates to date. This reduction is

directly related to the decrease in planned spending on COVID-19 measures. However, the difference is expected to shrink as potentially more COVID-19 and Budget 2021 measures appear in subsequent Supplementary Estimates.

## 2. Major Expenditures

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### 2.1. Budget 2021 Measures

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As the Main Estimates are prepared prior to the Budget, spending announcements made in the Budget are usually included in Supplementary Estimates, or subsequent years' Estimates. The *Supplementary Estimates (A) 2021-22* represent the first opportunity for the Government to seek parliamentary approval for Budget 2021 items through the Estimates process.

The *Supplementary Estimates (A) 2021-22* include \$29.5 billion in budgetary authorities for Budget 2021 measures. A significant portion of these budgetary authorities (\$16.0 billion, 54.2 per cent) relates to the Government's response to the COVID-19 pandemic. As the purpose of COVID-19 spending is to stabilize the economy rather than stimulate it, the remainder could be considered as part of the Government's planned stimulus spending which was mentioned in the Fall Economic Statement 2020.

As noted in PBO's report [\*Budget 2021: Issues for Parliamentarians\*](#), "the Government did not make a clear link between the measures in Budget 2021 and its stimulus plan in the Fall Economic Statement."<sup>3</sup> To estimate the size of the planned stimulus spending, PBO removed "the additional COVID-19 spending from the other new spending over 2021-22 to 2023-24, the same horizon of the Government's stimulus plan announced in the Fall Economic Statement."<sup>4</sup>

One of the larger Budget 2021 measures included in these Supplementary Estimates, not related to COVID-19, is \$3.0 billion to establish a Canada-wide Early Learning and Child Care System. This measure, which proposes new investments of up to \$30 billion over the next five years, and \$8.3 billion ongoing, seeks to reduce average childcare fees (everywhere outside of Quebec) to \$10 per day by 2025-26.

The *Supplementary Estimates (A) 2021-22* include<sup>5</sup>:

- \$2.6 billion in statutory authorities to the Department of Employment and Social Development Canada for payments to provinces and territories for early learning and child care; and,

- \$0.4 billion in voted authorities to the Department of Employment and Social Development Canada and Indigenous Services Canada for the Canada-wide early learning and childcare system.

PBO is currently working on an independent cost estimate of this program which should be published in the coming months. PBO will be available to offer briefings or answer questions on this analysis once it is published.

## 2.2. COVID-19 Measures

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As discussed in the previous section, *Supplementary Estimates (A) 2021-22* also include measures related to the Government's response to the COVID-19 pandemic. This includes both measures announced in Budget 2021 as well as additional authorities requested for existing measures.

These Supplementary Estimates include \$20.2 billion in budgetary authorities which have been tagged to COVID-19 measures. This includes \$11.2 billion in voted authorities (46.6 per cent of total budgetary voted authorities) and \$9.0 billion in forecasted statutory authorities (52.2 per cent of total budgetary statutory authorities). It should be noted that not all COVID-19 measures are included in the Estimates process, such as the Canada Emergency Wage Subsidy or the Canada Emergency Rent Subsidy. Additional details can be found on the Treasury Board of Canada Secretariat's website.<sup>6</sup>

Included in these Supplementary Estimates are updated statutory forecasts for the three benefits under the *Canada Recovery Benefits Act*. Overall, the Government's forecasts for these three benefits have increased by \$3.9 billion from the *Main Estimates 2021-22*. This incorporates the changes announced in February 2021, which increased the number of weeks available for each measure, as well as additional changes announced in Budget 2021.

While the overall forecasts have increased for the three measures, it is not uniform across the measures. As described below, only the Canada Recovery Benefit has increased its statutory forecast.

- An increase of \$8.9 billion in forecasted statutory authorities to the Department of Employment and Social Development Canada (ESDC) for the Canada Recovery Benefit;
- A reduction of \$2.9 billion in forecasted statutory authorities to ESDC for the Canada Recovery Caregiving Benefit; and,
- A reduction of \$2.1 billion in forecasted statutory authorities to ESDC for the Canada Recovery Sickness Benefit.

PBO has published its own cost estimates for these programs, including all the changes announced up to and including Budget 2021, which can be found on its [website](#).



## 2.3. Tracking COVID-19 Spending

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PBO has updated its [monitoring framework](#) to assist parliamentarians in keeping track of all the Government's announcements and spending related to COVID-19.

As noted in previous PBO reports, there had been a lack of publicly available information published by the Government on actual spending data. However, in recent months, there have been notable improvements worth highlighting.

As a result of motions presented in two committees in the House of Commons, the Government started providing ongoing COVID-19 expenditure reports.

- TBS is providing monthly estimated expenditure reports to the Standing Committee on Government Operations and Estimates (OGGO).<sup>7</sup> This incorporates data for the measures included in the Estimates process. TBS has also started publishing this data on GC InfoBase.<sup>8</sup>
- The Department of Finance and relevant Crown corporations are providing monthly reports to the Standing Committee on Finance (FINA).<sup>9</sup> These reports are similar to the ones the Department of Finance had been submitting to FINA on a biweekly, which ended in August 2020.

## 2.4. Other Measures

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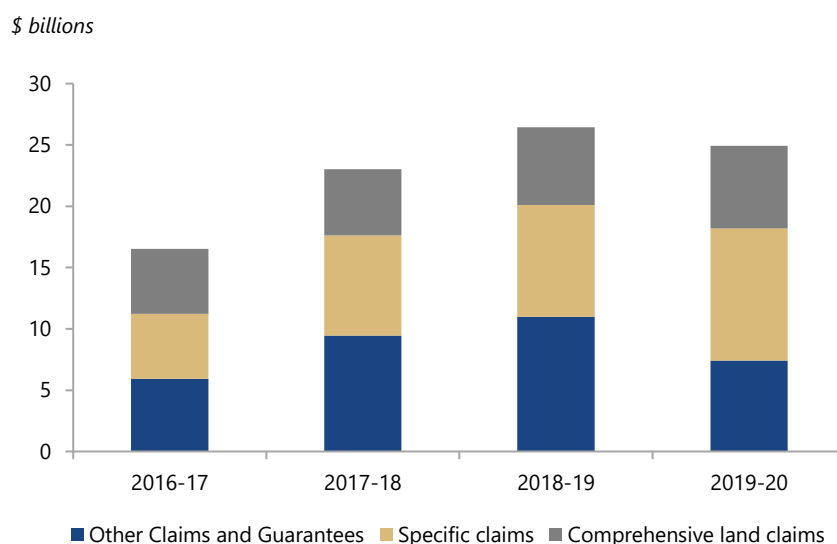
Beyond the Government's ongoing response to the pandemic and planned stimulus, there is considerable proposed spending in other areas. Most notably, \$3.2 billion intended to resolve outstanding legal claims and fulfil settlement obligations with Indigenous stakeholders. This includes:

- \$1.2 billion to Indigenous Services Canada (ISC) to satisfy out-of-court settlements;
- \$1.1 billion to ISC to implement a settlement agreement reached with the First Nations & Family Caring Society regarding First Nations' child and family services;
- \$610 million to Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) for compensation payments stipulated by the Federal Indian Day Schools Settlement Agreement; and,
- \$257 million to CIRNAC for the Sixties Scoop Settlement.

Outstanding legal claims by First Nations and related groups comprise the largest share of the Government's \$24.9 billion in contingent liabilities (\$17.5

billion, or 70 per cent). As presented in Figure 2-1, overall contingent liabilities rose roughly 50 per cent since 2016-17 (\$8.4 billion), primarily driven by a 65 per cent increase in estimated liabilities associated with Specific Claims by First Nations (\$5.5 billion) and Comprehensive Land Claims (\$1.5 billion).

**Figure 2-1 Provisions for Contingent Liabilities**



Source: Public Accounts of Canada. Volume 1, Section 2.

Note: Contingent liabilities reported at the end of the fiscal year.

The increased estimated contingent liability stems, in part, from an increase in the overall number of recognized claims. Specific Claims rose by 65 (or 12 per cent) and Comprehensive Land Claims by 14 (or 20 per cent) between 2016-17 and 2019-20. Further, public sector accounting standards prescribe that a liability only be recognized where it can be reasonably quantified. As such, the higher reported liability may also reflect progress on the part of the Government to evaluate and resolve claims.

CIRNAC's 2021-22 Departmental Plan indicates that it intends to accelerate the renewal of the relationship with Indigenous peoples. It also establishes new performance targets for the number of specific claims settled by the department (30 by March 31, 2022) and the number of communities where treaties, self-government and other constructive arrangements have been concluded (41 by March 31, 2022).<sup>10</sup>

Given the focus on resolving these issues, it is likely that a greater number of contingent liabilities will be recognized on the Government's balance sheet and consequently ongoing parliamentary spending requests can be anticipated.

# Notes

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1. *Old Age Security Act*. <http://laws-lois.justice.gc.ca/eng/acts/O-9/>.
2. Treasury Board of Canada Secretariat, *Supplementary Estimates (C) 2020-21*. <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/supplementary-estimates/supplementary-estimates-c-2020-21.html>
3. *Budget 2021: Issues for Parliamentarians*. <https://www.pbo-dpb.gc.ca/en/blog/news/RP-2122-004-S--budget-2021-issues-parliamentarians--budget-2021-enjeux-parlementaires>
4. Ibid, Note 3.
5. *Supplementary Estimates (A) 2021-22* also includes \$915.1 million in voted authorities to the Department of Employment and Social Development Canada, Indigenous Service Canada and the Public Health Agency of Canada for funding early learning and child care. These authorities are separate from the measures announced in Budget 2021.
6. COVID-19 Planned Expenditures for Supplementary Estimates (A), 2021-22. <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/supplementary-estimates/supplementary-estimates-a-2021-22/covid-19-planned-expenditures.html>
7. <https://www.ourcommons.ca/DocumentViewer/en/43-2/OGGO/related-document/11193033>
8. Treasury Board of Canada Secretariat, *Estimated Expenditures by COVID-19 Measure*. [https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#orgs/gov/gov/infograph/covid/..-\(panel key.- 'covid expenditures panel\)](https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#orgs/gov/gov/infograph/covid/..-(panel key.- 'covid expenditures panel))
9. <https://www.ourcommons.ca/Committees/en/FINA/StudyActivity?studyActivityId=11128058>
10. CIRNAC's 2021-22 Departmental Plan. <https://www.rcaanc-cirnac.gc.ca/eng/1610476121588/1610476156907>