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The Government's Expenditure Plan and Main Estimates for 2024-25



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 examines the federal government's Expenditure Plan and Main Estimates for 2024-25, which supports the first two appropriation bills that outline \$449.2 billion in planned spending. Parliament's approval is required for \$191.6 billion.

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Highlights

The Main Estimates are enacted through the first two appropriation bills of the fiscal year, which require Parliament's approval for \$191.6 billion. Parliament has already provided legislative authority for most of the planned spending (\$257.6 billion).

Close to \$2.3 billion in 2024-25 has been reallocated through the Refocusing Government Spending exercise, as indicated in these Main Estimates.

Projected federal spending on elderly benefits is set to surpass the \$80 billion mark for the first time in 2024-25, rising to \$81.1 billion in these Main Estimates.

The Canada Health Transfer is set to increase by \$2.7 billion (5.4 per cent) to \$52.1 billion in 2024-25.

The 2024-25 Main Estimates outline \$46.5 billion in forecasted statutory authorities related to servicing public debt, which represents an increase of \$4.8 billion compared to the Estimates to date for the preceding year.

Summary

The Government's Main Estimates for 2024-25 outline \$449.2 billion in budgetary spending authorities. Voted authorities, which require approval by Parliament, total \$191.6 billion. Statutory authorities, for which the Government already has Parliament's permission to spend, total \$257.6 billion.

Consistent with previous Estimates, money transferred to other levels of government, individuals and other organizations account for most of the planned spending in these Main Estimates at \$283.0 billion (63.0 per cent). Notable amounts include \$81.1 billion for elderly benefits and \$52.1 billion for the Canada Health Transfer.

Government operating and capital costs account for \$119.7 billion (26.6 per cent) and interest payments on the public debt represent \$46.5 billion (10.4 per cent).

As Budget 2024 has yet to be tabled, the 2024-25 Main Estimates do not reflect new budget measures. As such, the 2024-25 budgetary authorities will rise with these anticipated funding requests in the Supplementary Estimates.

PBO is available to offer briefings or answer questions on any items included in these Main Estimates.

1. Overview

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*.¹

The 2024-25 Main Estimates support Parliament's consideration of the interim supply bill, which generally authorizes funding for the first three months of the fiscal year, and the full supply bill, which is the amount laid out in the Main Estimates, less interim supply. These first two appropriation bills seek authority for most of the total spending in the given year.

1.1 Proposed Spending

The Government's Expenditure Plan and Main Estimates for 2024-25 outline \$449.2 billion in budgetary spending authorities, as well as an overall increase of \$1.2 billion in the value of non-budgetary loans, investments

and advances (Table 1). Of the budgetary total, \$191.6 billion relates to authorities to be voted on by Parliament.

Table 1

The Government's Expenditure Plan: Total Authorities

Authorities (\$ billions)	Budgetary	Non-budgetary
Voted	191.6	0.2
Statutory	257.6	1.0
Total	449.2	1.2

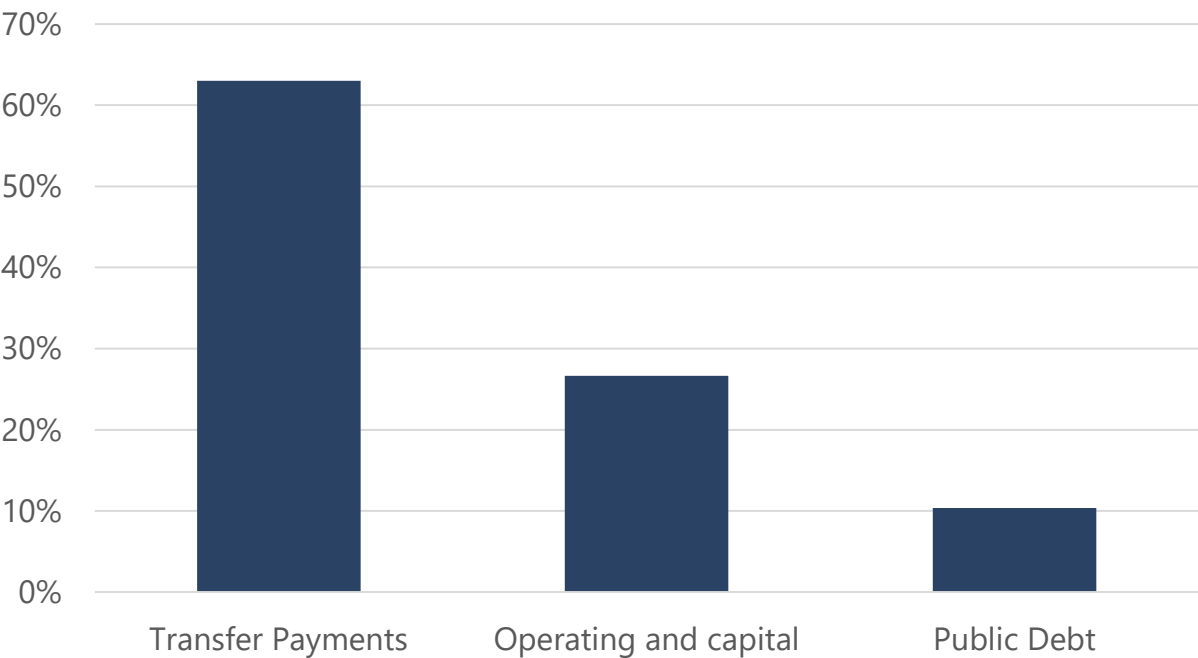
Source:

Treasury Board of Canada Secretariat, 2024-25 Main Estimates.

In comparison to the 2023-24 Estimates to date, total budgetary authorities in the 2024-25 Main Estimates are \$43.4 billion lower. However, the Main Estimates do not reflect the new spending items to be announced in Budget 2024. The 2024-25 budgetary authorities will rise with these anticipated funding requests in the Supplementary Estimates over the course of the year.

As shown in Figure 1-1, transfer payments account for the largest portion of budgetary authorities in the 2024-25 Main Estimates, at 63.0 per cent (\$283.0 billion). These include payments made to other levels of government, individuals, and other organizations. Budgetary authorities for operating and capital represent 26.6 per cent (\$119.7 billion), while public debt charges amount to 10.4 per cent (\$46.5 billion).

Figure 1-1
Composition of budgetary authorities



Textual description:

Category	Transfer Payments	Operating and capital	Public Debt
Percentage of total budgetary authorities (%)	63.0	26.6	10.4

Source:
Treasury Board of Canada Secretariat, 2024-25 Main Estimates.

1.2 Refocusing Government Spending

In Budget 2023, the Government announced that it would be “Refocusing Government Spending to Deliver for Canadians”. This spending restraint exercise is aimed at reducing the pace and scale of growth in government spending back to a pre-pandemic path. The announced savings include \$14.1 billion over five years, and \$4.1 billion annually thereafter.²

The 2023 Fall Economic Statement further expanded on the Budget 2023 commitment, with the goal to identify additional savings of \$345.6 million in 2025-26 and \$691.0 million ongoing.

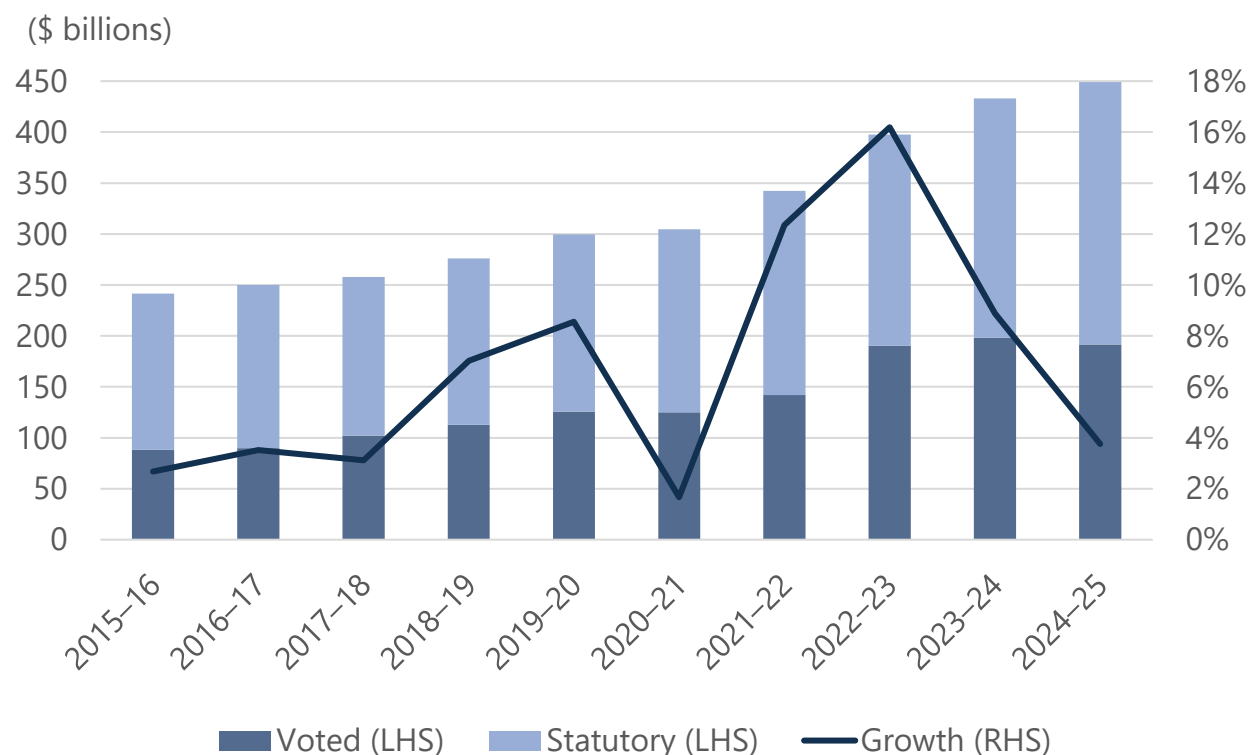
These Main Estimates reflect close to \$2.3 billion in reallocations in 2024-25 undertaken through the Refocusing Government Spending exercise. This amount is roughly \$80 million lower than the total savings for 2024-25 announced in Budget 2023.³ Treasury Board of Canada Secretariat has indicated that the shortfall will be accounted for through additional reallocations starting in 2025-26.

As the total authorities presented in these Main Estimates are on a net basis, the reallocated amounts for the Refocusing Government Spending are not identifiable. However, the 2024-25 Main Estimates include an [online annex](#) with the reallocated amounts by organization. Additional details are also available in the [2024-25 Departmental Plans](#).

While total budgetary authorities are increasing in this year's Main Estimates, the pace of growth in the 2024-25 Main Estimates has slowed compared to the pandemic years (Figure 1-2).

Additionally, for the first time since the pandemic, voted budgetary authorities have decreased compared to previous years' Main Estimates. This slight decrease could partially be attributed to the savings identified under the Refocusing Government Spending exercise. However, voted authorities remain roughly 50 per cent higher than in the pre-pandemic 2019-20 Main Estimates.

Figure 1-2
Budgetary authorities in the Main Estimates



Textual description:

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Voted (\$ billions)	88.2	89.8	102.1	112.9	125.6	125.1	141.9	190.3	198.2	191.6
Statutory (\$ billions)	153.4	160.3	155.8	163.1	174.0	179.5	200.3	207.3	234.8	257.6
Total authorities (\$ billions)	241.6	250.1	257.9	276.0	299.6	304.6	342.2	397.6	432.9	449.2
Growth	3%	4%	3%	7%	9%	2%	12%	16%	9%	4%

Source:

Treasury Board of Canada Secretariat, 2024-25 Main Estimates.

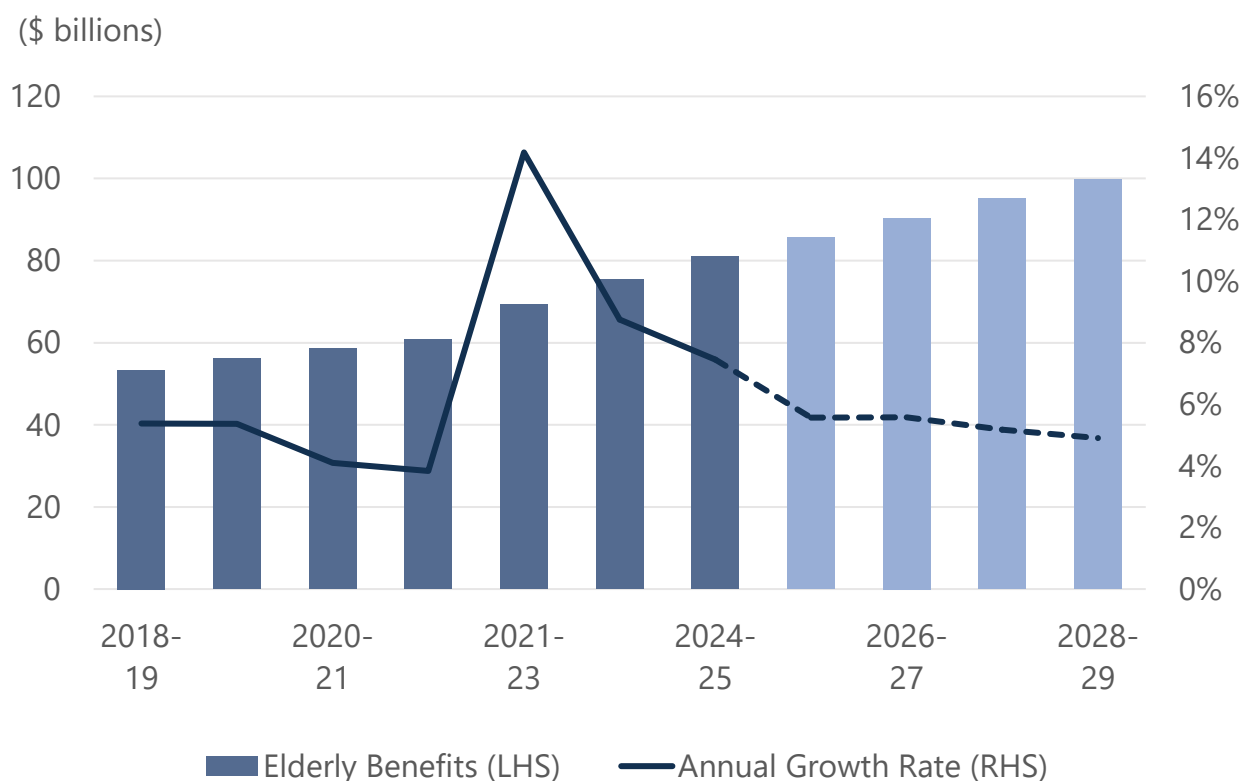
2. Major Expenditures

2.1 Federal spending on elderly benefits

As the Canadian population ages, there will also be an increase in the eligibility for elderly benefits. These benefits are comprised of three complementary programs - Old Age Security (OAS), the Guaranteed Income Supplement (GIS) and Allowance Payments. OAS is the largest federal program – responsible for roughly one in every seven dollars of federal spending. OAS provides a monthly pension payment to most seniors who are over 65 and meet the eligibility requirements.

Federal spending on elderly benefits is set to increase by \$5.6 billion (7.5 per cent) to a total of \$81.1 billion in 2024-25 (Figure 2-1). In PBO's most recent [Economic and Fiscal Outlook](#), we project that by 2028-29, federal spending on elderly benefits will reach \$99.7 billion. This is driven by a combination of a larger number of seniors and inflation (to which the benefits are indexed).

Figure 2-1
Elderly benefits



Textual description:

Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Elderly Benefits (\$ billions)	53.4	56.2	58.5	60.8	69.4	75.5	81.1	85.6	90.4	95.1	99.7
Annual Growth Rate	5%	5%	4%	4%	14%	9%	7%	6%	6%	5%	5%

Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2024-25 Main Estimates; Parliamentary Budget Officer, Economic and Fiscal Outlook – March 2024.

Note:

Figures prior to 2023-24 are actuals. Figures for 2023-24 and 2024-25 are Estimates to date. Figures for 2025-26 and later are PBO projections.

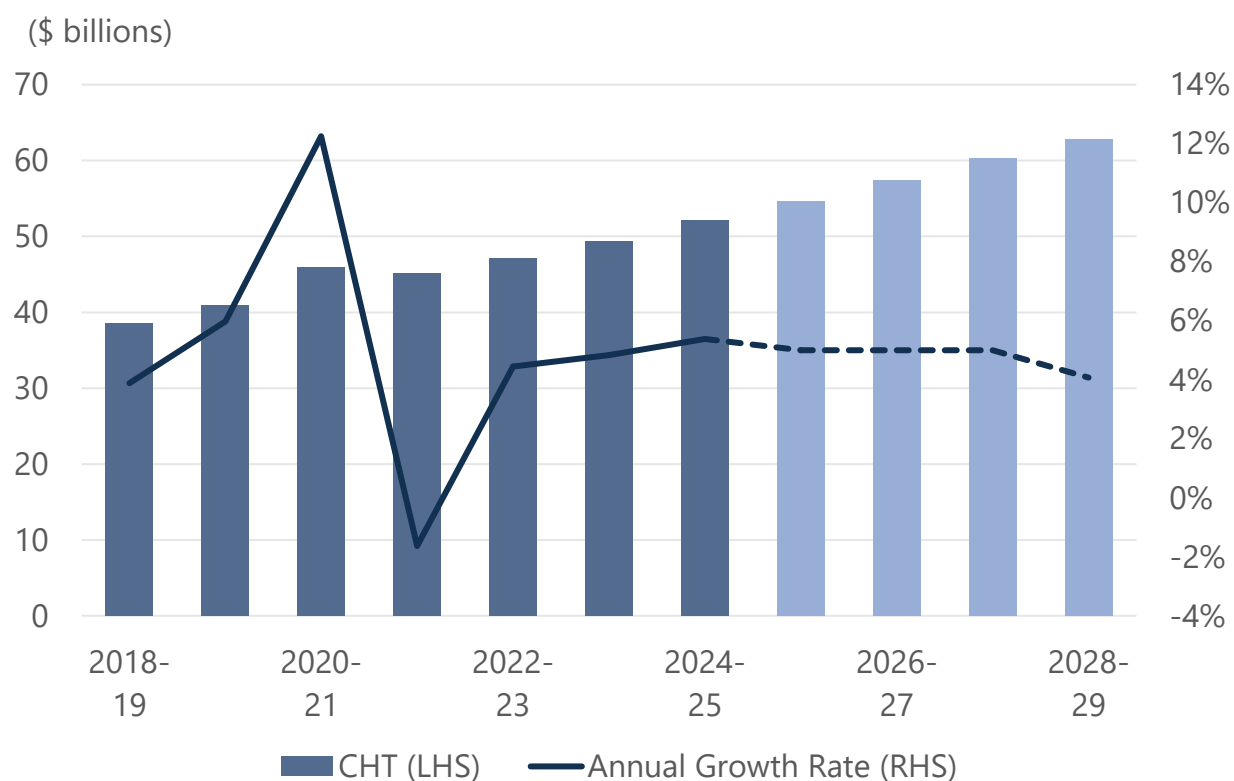
2.2 Federal spending on health

The Canada Health Transfer (CHT) is the largest federal transfer to provinces and territories and provides financial assistance to provinces and territories to help pay for health care.

The CHT is calculated to automatically grow in line with the three-year moving average of nominal GDP growth, with a minimum annual growth rate set at 5 per cent until 2027-28.⁴ The CHT is also allocated to all provinces and territories on an equal per capita basis.⁵

As presented in Figure 2-2, the CHT is set to increase by \$2.7 billion (5.4 per cent) to \$52.1 billion in 2024-25. PBO projects that by 2028-29, the CHT will reach \$62.7 billion.

Figure 2-2
Canada Health Transfer



Textual description:

Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
CHT (\$ billions)	38.6	40.9	45.9	45.1	47.1	49.4	52.1	54.7	57.4	60.3	62.7
Annual Growth Rate	4%	6%	12%	-2%	4%	5%	5%	5%	5%	5%	4%

Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2024-25 Main Estimates; Parliamentary Budget Officer, Economic and Fiscal Outlook – March 2024.

Note:

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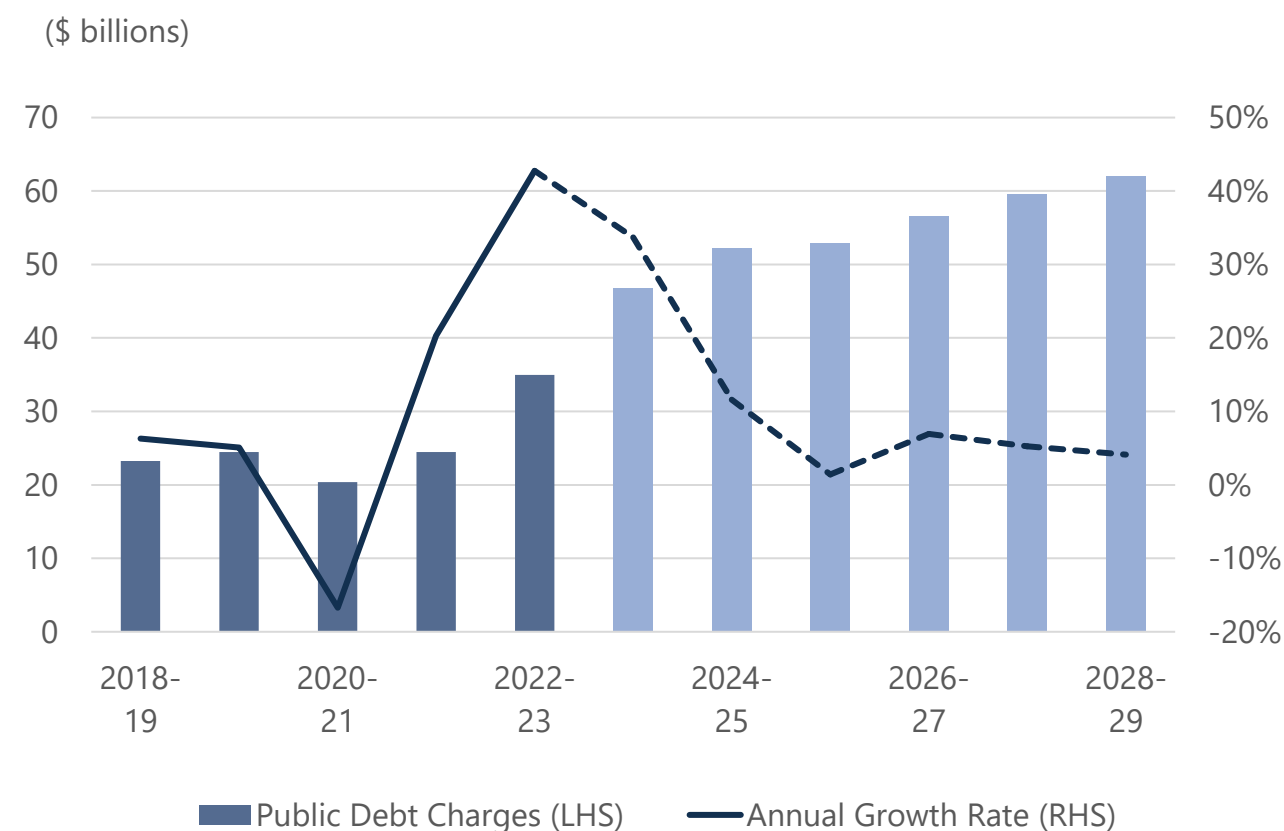
a \$2 billion one-time top-up to help provinces and territories to address immediate pandemic-related health care system pressures as announced in Budget 2022.

2.3 The cost of servicing public debt

The 2024-25 Main Estimates outline \$46.5 billion in forecasted statutory authorities related to servicing public debt. This includes \$42.0 billion for interest on unmatured debt and \$4.6 billion for other interest costs. This represents a \$4.8 billion increase from the 2023-24 Estimates to date.

Public debt charges have increased significantly over the last three years due to a substantial increase in the stock of public debt over the course of the pandemic combined with subsequent high effective interest rates. Post 2024-25, the effective interest rate is expected to stabilize, slowing the growth in public debt charges. PBO projects that public debt charges will reach \$62.0 billion by 2028-29 (Figure 2-3).

Figure 2-3
Public debt charges



Textual description:

Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Public Debt Charges (\$ billions)	23.3	24.4	20.4	24.5	35.0	46.7	52.1	52.9	56.5	59.5	62.0
Annual Growth Rate	6%	5%	-17%	20%	43%	34%	12%	1%	7%	5%	4%

Source:

Receiver General of Canada, Public Accounts of Canada; Parliamentary Budget Officer, Economic and Fiscal Outlook – March 2024.

Note:

Figures prior to 2023-24 are actual expenses. Figures for 2023-24 and later are PBO expense projections.

Notes

¹ [Old Age Security Act.](#)

² For departments, agencies and appropriated crown corporations.

³ This amount reflects the combined amounts for Reduced Spending on Consulting, Professional Services and Travel and Reduced Eligible Spending by Government Departments and Agencies in [Chapter 6 of Budget 2023.](#)

⁴ Health Canada. [Working together to improve health care for Canadians.](#)

⁵ Department of Finance Canada. [Canada Health Transfer.](#)

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