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Refocusing Government Spending in 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.

In response to a request by the Standing Committee on Government Operations and Estimates, this report provides an overview of the \$500 million in announced reductions in spending on consulting, professional services and travel for 2023-24 proposed in Budget 2023.

Lead analysts:

Jill Giswold, Senior Analyst

Jason Stanton, Advisor-Analyst

Prepared under the direction of:

Kristina Grinshpoon, Director

Nancy Beauchamp, Marie-Eve Hamel Laberge, Martine Perreault and Rémy Vanherweghem assisted with the preparation of the report for publication.

For further information, please [contact the Office of the Parliamentary Budget Officer](#).

Yves Giroux

Parliamentary Budget Officer

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Summary

In response to a request by the Standing Committee on Government Operations and Estimates, this report provides an overview of the \$500 million in announced reductions in spending on consulting, professional services and travel for 2023-24 proposed in Budget 2023.

PBO sent information requests to the 68 impacted organizations seeking a breakdown of the planned savings in 2023-24 by program and type (professional services or travel), with information on planned personnel reductions and service-level impacts (if any).

PBO has published a [complete dataset](#) containing all information received through these requests.

Key Findings

- PBO received a breakdown by program for nearly half (\$246 million) of the \$500 million. A breakdown by type was provided for just over half (\$269 million) of the \$500 million.
 - Seven organizations provided a breakdown by type but did not provide a breakdown by program.
 - Three organizations did not provide a breakdown: National Defence, Indigenous Services Canada and the Privy Council Office.
- Treasury Board of Canada Secretariat indicated that, given the spending reductions are tied to professional services and travel, no reductions in full-time equivalents will occur.
- Nearly all organizations (64 organizations, or 94 per cent) did not report any reductions to service levels as a result of the spending reductions.

Background

Refocusing Government Spending

In Budget 2023, the Government announced the measure, “Refocusing Government Spending to Deliver for Canadians”, a spending restraint exercise aimed at reducing the pace and scale of growth in government spending back to a pre-pandemic path.

As part of this exercise, Budget 2023 proposed a spending reduction of \$500 million on consulting, other professional services and travel in 2023-24 – roughly 15 per cent of planned discretionary spending in those areas. Starting in 2024-25 and ongoing, the planned spending reduction is \$1.7 billion annually.

To achieve the in-year reductions for 2023-24, the Treasury Board of Canada Secretariat (TBS) has frozen \$500 million across the reference levels of 68 organizations.¹ Frozen amounts will automatically lapse at the end of the fiscal year and be returned to the fiscal framework.

Of the \$500 million, TBS has indicated that \$350 million relates to professional services and \$150 million to travel. TBS also noted that there will be no reductions in full-time equivalents (FTEs) or transfer payments as a result of the \$500 million reduction.²

OGGO Request

On November 23, 2023, the Standing Committee on Government Operations and Estimates (OGGO) asked the Parliamentary Budget Officer (PBO) to “perform an analysis on cuts and services to programs with regards to the \$500 million savings announced, similar to the one performed by the Parliamentary Budget Officer in April 2012”.³

In response, PBO sent information requests to the 68 impacted organizations seeking a breakdown of the planned savings in 2023-24 by program and type (professional services or travel), with information on planned personnel reductions and service-level impacts (if any).

Findings

PBO received information from all 68 organizations. Two organizations, Public Service Commission of Canada and Immigration and Refugee Board of Canada, indicated that we could not disclose the information publicly.

PBO has published a [complete dataset](#) containing all information received through these requests.

General Reductions

TBS indicated that of the \$500 million, \$350 million relates to professional services and \$150 million to travel. However, in order to meet the overall savings target of \$500 million in 2023-24, organizations that could not find savings in those areas were required to find savings elsewhere. As a result, a breakdown by program or type was not always available.

PBO received a breakdown by program for nearly half (\$246 million) of the \$500 million. A breakdown by type was provided for just over half (\$269 million) of the \$500 million.

Seven organizations provided a breakdown by type (professional service or travel) but did not provide a breakdown by program. Details can be found in the [complete dataset](#).

Three organizations did not provide a breakdown:

National Defence (DND)

DND indicated that none of the \$211 million in savings for their department (which represents over 40 per cent of the total savings in 2023-24) is associated with any specific program. The frozen amount will simply be “reducing the amount of lapsed funding available to be carried forward and spent” next fiscal year.⁴

Indigenous Services Canada (ISC)

ISC indicated that the \$17 million in savings is found in their departmental reserve, and as such, a breakdown by program and type is not available.⁵

Privy Council Office (PCO)

For 2023-24, PCO indicated that their \$1.3 million in savings represents a general reduction across the organization. Specifically, this included “combining functions and streamlining management structures to deliver more efficiently and effectively”.⁶

Reductions in Full-Time Equivalents (FTEs)

TBS indicated that, given the spending reductions are tied to professional services and travel, no reductions in FTEs will occur.

One organization, Public Service and Procurement Canada (PSPC), identified a reduction of a total of 49 FTEs for positions that are already vacant and not being backfilled. This reduction does not impact current FTEs.

Impacts to Service Levels

Nearly all organizations (64 organizations, or 94 per cent) did not report any reductions to service levels as a result of the spending reductions.

Four organizations reported some reduction to service levels. For example, Canadian Northern Economic Development Agency (CanNor) and Correctional Service Canada (CSC) noted that travel reductions will impact service levels, including outreach activities (CanNor) and activities related to inmate movement (CSC). Details can be found in PBO’s [complete dataset](#).

Notes

¹ Treasury Board of Canada Secretariat. [Refocusing Government Spending: Frozen Allotments in Voted Authorities in 2023-24.](#)

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

³ Standing Committee on Government Operations and Estimates. [Notice of Meeting. November 23, 2023.](#)

⁴ PBO information request [IR0742.](#)

⁵ PBO information request [IR0738.](#)

⁶ PBO information request [IR0750.](#)

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