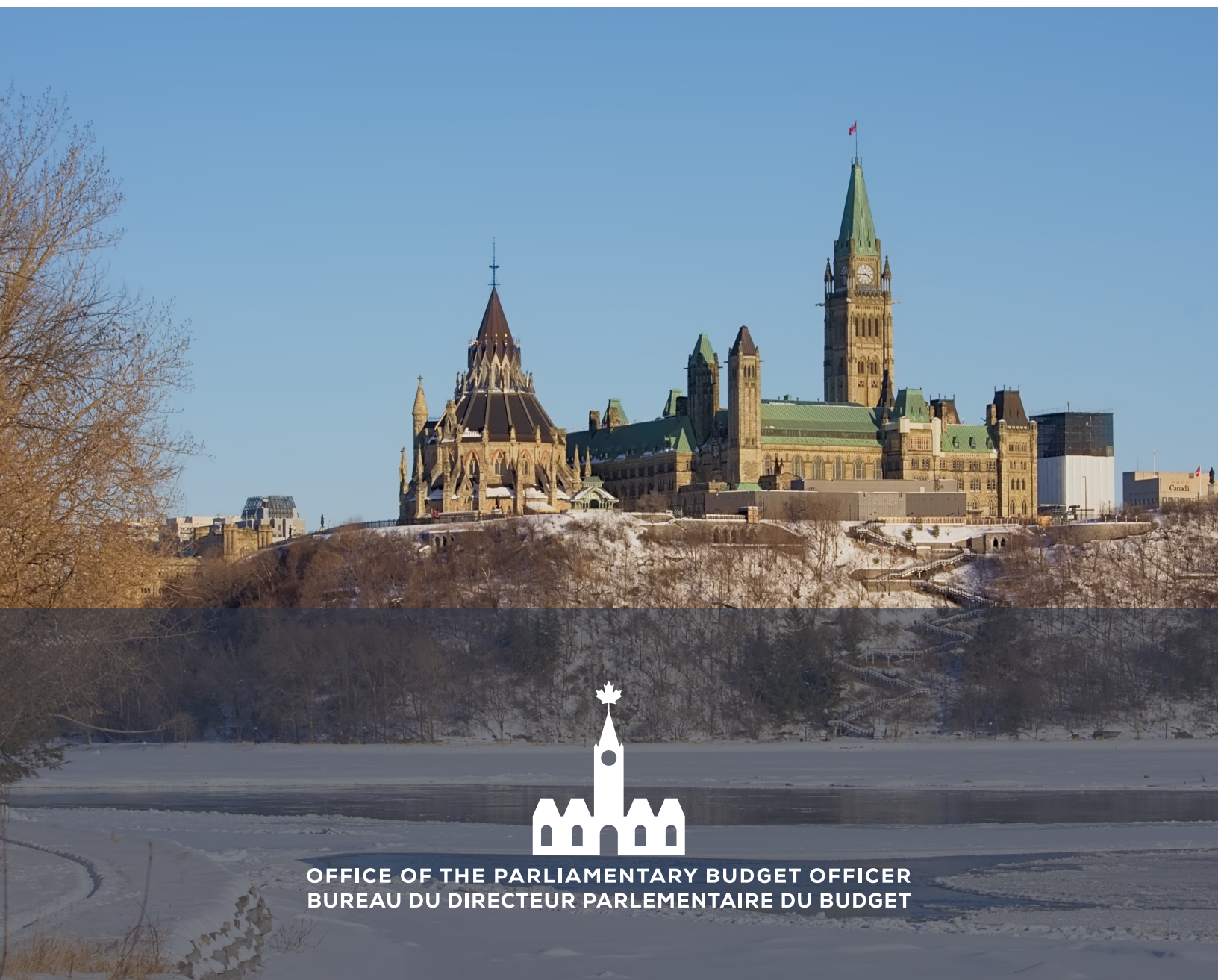


February 22, 2024



# Supplementary Estimates (C) 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 third Supplementary Estimates for the 2023-24 fiscal year, which seeks Parliament's approval of \$8.9 billion.

**Lead analysts:**

Jill Giswold, Senior Analyst

Kaitlyn Vanderwees, Analyst

**Prepared under the direction of:**

Mark Mahabir, Director General

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**

# Table of Contents

---

Highlights .....	1
Summary .....	2
1. Overview .....	4
1.1 Proposed Spending .....	4
1.2 Frozen Allotments .....	5
2. Major Expenditures .....	8
2.1 Budget 2023 .....	8
2.2 Personnel Spending .....	9
2.3 Defence Spending .....	11
2.4 Indigenous Spending .....	11
2.5 Student Financial Assistance .....	12
Notes .....	14

# Highlights

---

These Supplementary Estimates outline an additional \$13.2 billion in budgetary authorities. Parliament's approval is required for \$8.9 billion.

These Supplementary Estimates include a further \$409 million for Budget 2023 measures, bringing total planned spending to date on Budget 2023 to \$10.4 billion, excluding off-cycle measures.

Major areas of planning spending include personnel, national defence, Indigenous programs and student financial assistance.

Parliamentarians have approximately five and a half weeks from tabling to approve the Government's financial request.

# Summary

---

The Supplementary Estimates (C) 2023-24 is the third planned Supplementary Estimates in 2023-24 and supports the fifth appropriation bill for the current fiscal year.

These Supplementary Estimates outline an additional \$13.2 billion in budgetary authorities, of which Parliament's approval is required for \$8.9 billion. The remaining \$4.3 billion represents an increase to forecasted statutory authorities, for which the Government has Parliament's approval to spend via other legislation. This increase is largely driven by a \$3.2 billion increase in interest on unmatured debt.

Roughly \$409 million of planned spending is for 27 Budget 2023 measures. Most notably, this includes \$132 million to National Defence for the replenishment of Canadian Armed Forces' Stocks for donations to Ukraine.

Major areas of planned spending include:

- \$2.4 billion in personnel spending, including \$1.2 billion to the Treasury Board of Canada Secretariat (TBS) to compensate organizations for negotiated salary adjustments;
- \$2.2 billion to the Department of National Defence (DND), including \$1.1 billion for two aircraft projects (the Canadian Multi-Mission Aircraft project and the Strategic Tanker Transport Capability Aircraft project);
- \$2.0 billion to Indigenous Services Canada (ISC), most of which relates to program delivery for First Nations Child and Family Services and Jordan's Principle; and
- \$715 million to Employment and Social Development Canada (ESDC) for grants and loan write-offs under the Canada Student Financial Assistance (CSFA) program.

To support parliamentarians in their scrutiny of Budget 2023 implementation, PBO has prepared [tracking tables](#) that list all budget initiatives, the planned spending amounts and the corresponding legislative funding authority.

PBO is available to offer briefings or answer questions on any items included in the Government's 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*.<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 (C) 2023-24 is the third and final planned Supplementary Estimates in 2023-24 and supports the fifth appropriation bill for the current fiscal year.

## 1.1 Proposed Spending

---

Supplementary Estimates (C) 2023-24 outlines an additional \$13.2 billion in budgetary authorities (Table 1). Voted authorities, which require approval by Parliament, total \$8.9 billion. Statutory authorities, for which the Government already has Parliament's permission to spend, are forecast to increase by a total of \$4.3 billion.

The increase in forecasted statutory authorities is largely driven by a \$3.2 billion increase in interest on unmatured debt, primarily due to higher projected interest rates and higher inflation impacts on real return bonds. In total, interest on unmatured debt is now forecasted to reach \$36.8 billion in 2023-24.



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

<b>Authorities (\$billions)</b>	<b>Budgetary</b>	<b>Non-budgetary</b>
<b>Voted</b>	8.9	-
<b>Statutory</b>	4.3	2.7
<b>Total</b>	13.2	2.7

Source:

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

Non-budgetary authorities, which include loans, investments and advances, are increasing by \$2.7 billion. This is driven by two budget measures:

- An increase of \$1.4 billion for the acquisition of shares in the Canada Growth Fund, part of the \$15.0 billion initial capitalization announced in Budget 2022; and
- An increase of \$1.3 billion in student loans, which reflects changes to loan limits and eligibility requirements announced in Budget 2023.

Including these Supplementary Estimates, the total proposed year-to-date budgetary authorities are \$493.7 billion, which represents a \$50.4 billion (or 11.4 per cent) increase compared with the Estimates to date for the preceding year.

## 1.2 Frozen Allotments

“Frozen allotments” refer to money that has been approved by Parliament, but for which access by departments is restricted by the Government. These Supplementary Estimates indicate that \$11.9 billion in money already approved by Parliament is now administratively frozen by the Treasury Board. This represents a \$4.1 billion increase from the final Supplementary Estimates presented last year.

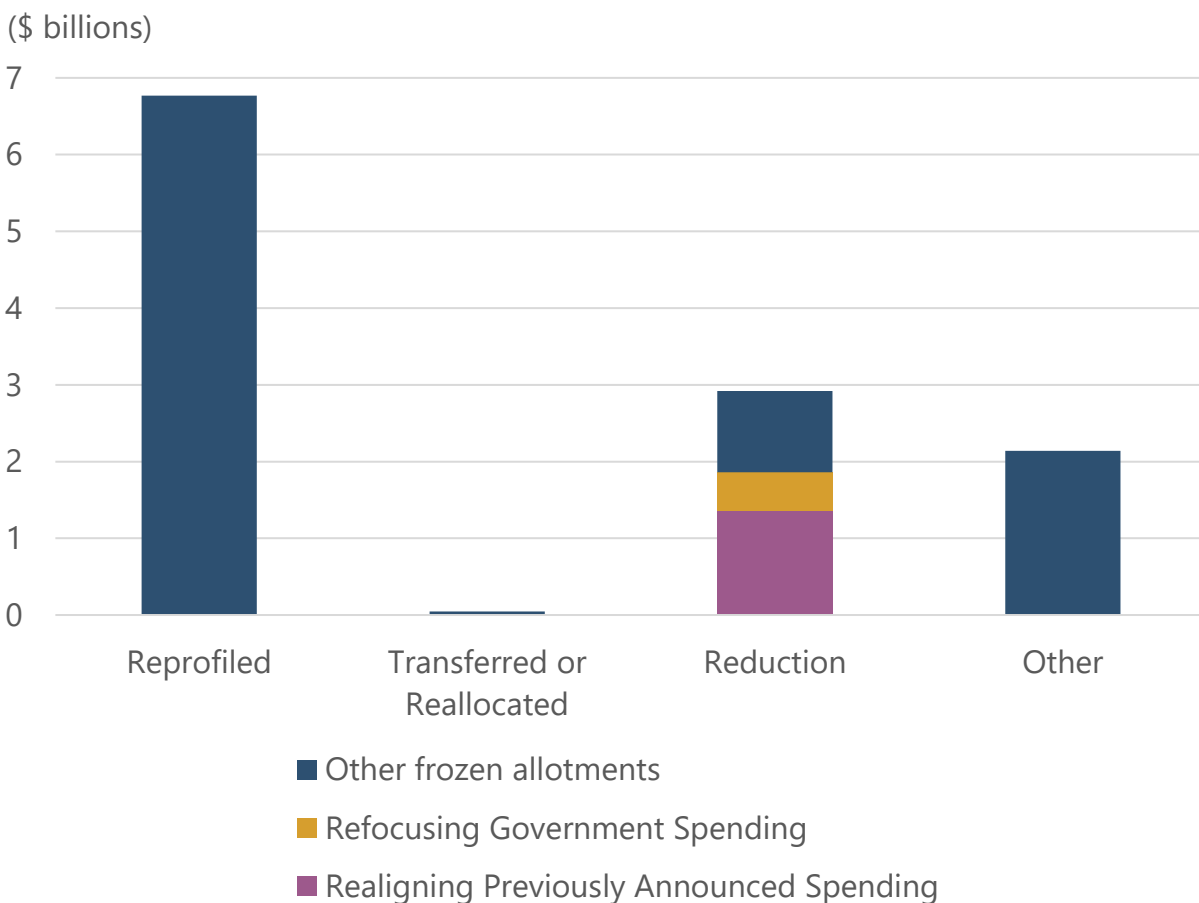
The majority of these frozen allotments (\$6.8 billion, or 57.0 per cent) are due to planned reprofiling of funds into future years (Figure 1-2). The



second largest area of frozen allotments (at \$2.9 billion, or 24.6 per cent) is reductions, stemming mostly from two Budget 2023 exercises:

- Nearly \$1.4 billion relates to the “Realigning Previously Announced Spending” exercise, which reduces funding that remains unallocated or is no longer required or to delay it where the pace of implementation is slower than originally envisioned; and
- Roughly \$500 million relates to the “Refocusing Government Spending to Deliver to Canadians” exercise, which aims to reduce the pace and scale of growth in government spending back to a pre-pandemic path.<sup>3</sup>

**Figure 1-2**  
Frozen allotments by category



Textual description:

Category (\$ billions)	Reprofiled	Transferred or Reallocated	Reduction	Other
Realigning Previously Announced Spending	-	-	1.4	-
Refocusing Government Spending	-	-	0.5	-
Other frozen allotments	6.8	0.0	1.1	2.1
<b>Total</b>	<b>6.8</b>	<b>0.0</b>	<b>2.9</b>	<b>2.1</b>

Source:

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

Note:

Totals may not add due to rounding.

In response to a request by the Standing Committee on Government Operations and Estimates, the PBO recently published [a report](#) that provides an overview of the \$500 million in spending reductions for “Refocusing Government Spending” in 2023-24.

## 2. Major Expenditures

---

### 2.1 Budget 2023

---

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.

To track the implementation of Budget 2023 measures, PBO identified initiatives that have forecast spending in 2023-24 and matched them with items included in Supplementary Estimates (C), 2023-24.

As presented in our online [tracking tables](#), there are 27 Budget 2023 measures for which almost \$409 million is sought in these Supplementary Estimates. This brings the projected total for Budget 2023 expenditures in 2023-24 to around \$10.4 billion, which includes Budget measures introduced through Supplementary Estimates and other legal mechanisms. Excluding off-cycle measures, legislation has been tabled for 130 out of 170 Budget 2023 measures.<sup>4</sup> Currently, there is no way to track funding that is introduced through the Estimates for off-cycle measures that are included in the budget.

The three largest items, which make up two thirds of all spending related to Budget 2023 in this Supplementary Estimates, are listed in Table 2.

**Table 2**  
Major Budget 2023 measures

Department	Amount (\$ millions)	Budget Measure
National Defence	132	Replenishing the Canadian Armed Forces' Stocks
Employment and Social Development Canada	43	Old Age Security IT Modernization
National Defence	42	Improving the Digital Systems of the Canadian Armed Forces

Source:

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

Note:

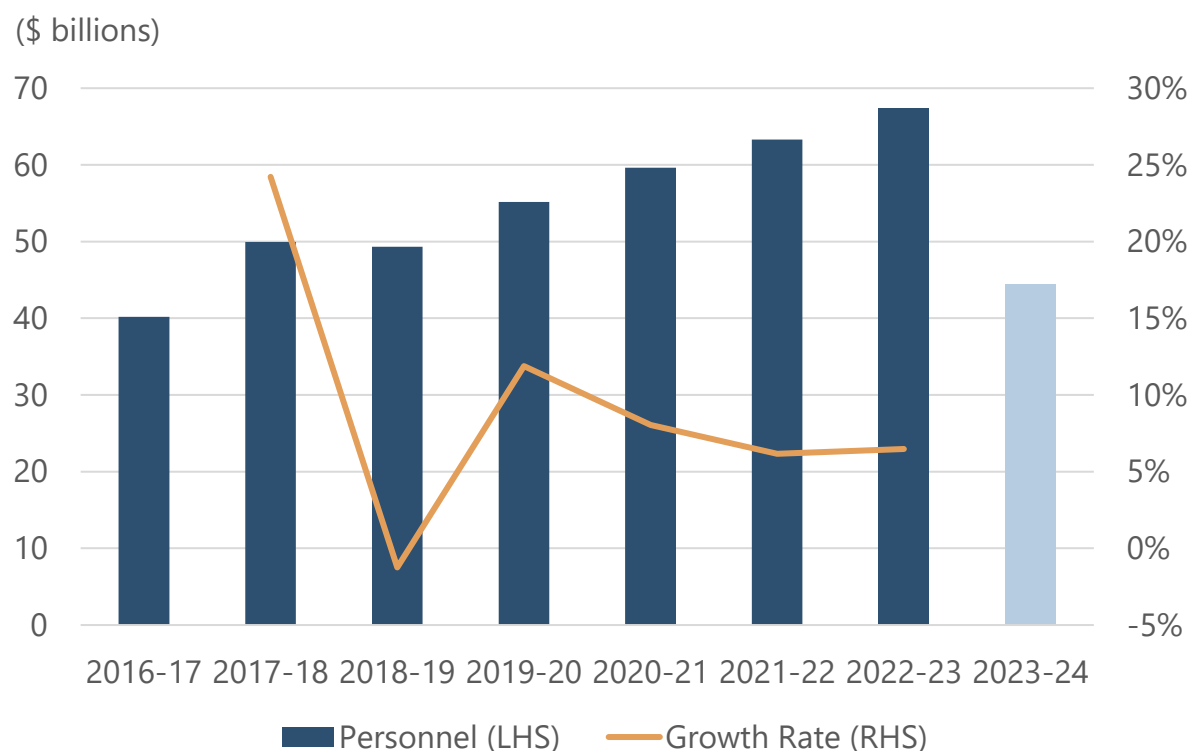
The wording between the Budget and the Estimates document may not be the same.  
These amounts include Employee Benefit Plans (EBP).

## 2.2 Personnel Spending

Personnel spending accounts for approximately \$2.4 billion (or 18.5 per cent) of budgetary authorities in Supplementary Estimates (C), 2023-24. Roughly half of this, \$1.2 billion, is for Treasury Board of Canada Secretariat (TBS) to compensate organizations for negotiated salary adjustments.

As shown in Figure 2-2, spending on personnel continued to increase in 2022-23, reaching \$67.4 billion. Based on the latest Fiscal Monitor, spending on personnel in the first eight months of 2023-24 is up 6.6 percent over the same period last year, at \$44.4 billion in November 2023.

**Figure 2-2**  
**Personnel spending**



Textual description:

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Personnel (\$ billions)</b>	40.2	49.9	49.3	55.2	59.6	63.3	67.4	44.4*
<b>Growth Rate (%)</b>	-	24.2	-1.2	11.9	8.0	6.2	6.5	-

Source:

Receiver General of Canada, Public Accounts of Canada. Department of Finance Canada, Fiscal Monitor.

Note:

Data up until and including 2022-23 are actual personnel expenses. \*Data for 2023-24 is year-to-date (April to November) personnel expenses from the Fiscal Monitor.

## 2.3 Defence Spending

---

Nearly a fifth (\$2.2 billion, or 17.0 per cent) of total proposed budgetary spending in these Supplementary Estimates is for the Department of National Defence (DND), bringing the department's total proposed budgetary authorities to \$31.3 billion in 2023-24. The three largest items in these Supplementary Estimates are:

- \$591 million for the Canadian Multi-Mission Aircraft project;
- \$510 million for the Strategic Tanker Transport Capability Aircraft Project; and
- \$285 million for North Atlantic Treaty Organization (NATO) assurance and deterrence measures in Central and Eastern Europe (Operation REASSURANCE).

In the coming weeks, PBO will be publishing a report examining planned capital spending under Canada's Defence Policy.

## 2.4 Indigenous Spending

---

Approximately \$2.0 billion in proposed spending in Supplementary Estimates (C), 2023-24 is for measures under Indigenous Services Canada (ISC). This includes:

- \$818 million to implement reforms to the First Nations Child and Family Services Program;
- \$804 million for the continued implementation of Jordan's principle; and
- \$260 million for the Emergency Management Assistance Program.

The planned spending for the First Nations Child and Family Services and Jordan's Principle is not associated with agreements for compensation or long-term reform, but rather for program delivery.

## 2.5 Student Financial Assistance

---

The Canada Student Financial Assistance (CSFA) program provides repayable loans and non-repayable grants to support Canadians in funding their postsecondary education.<sup>5</sup>

These Supplementary Estimates contain a \$499 million increase in forecasted statutory amounts for student grants and \$1.3 billion for student loans. These increases stem from temporary changes to loan and grant limits for the 2023-24 academic year announced in Budget 2023, primarily:

- Increasing Canada Student Grants by 40 per cent—providing up to \$4,200 for full-time students; and
- Raising the interest-free Canada Student Loan limit from \$210 to \$300 per week of study.

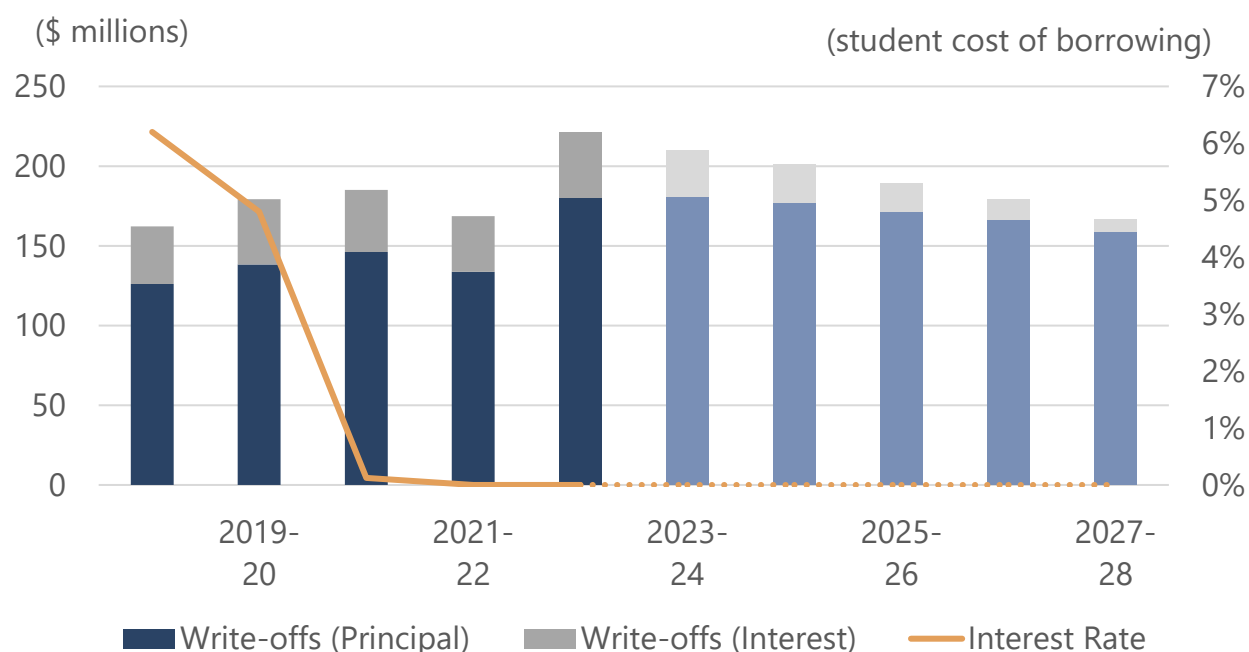
While student loans are classified as liabilities rather than expenses, the temporary increase in the student loan limit will entail associated long-term CSFA program costs. These include increased government borrowing costs, provisions for repayment assistance, and potential write-offs for unrecoverable debts.

Not all student loans are repaid. As such, the Government seeks Parliament's approval each year to write-off student loans that are deemed uncollectable. These Supplementary Estimates request \$216 million to write-off 20,201 debts. In comparison, last year's final Supplementary Estimates sought \$227 million to write-off 23,142 debts. Some volatility in the actual amounts written off from year to year is to be expected as decisions around which loans to write-off is a multi-step process.

Parliamentarians can expect the amount for student loan write-offs to continue declining over the next few years due to the Government's decision to permanently waive interest on loans (Figure 2-5).



**Figure 2-5**  
Student loan write-offs



Textual description:

Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Write-offs (Principal) (\$ millions)	126	138	146	134	180	181	177	171	166	159
Write-offs (Interest) (\$ millions)	36	41	39	35	41	29	24	18	13	8
Interest Rate (%)	6	5	0	0	0	0	0	0	0	0

Source:

Office of the Chief Actuary, Actuarial Report on the Canada Student Loans Program. PBO calculations.

Note:

Data up until and including 2022-23 are actuals. Figures for 2023-24 onwards are projections. Interest rates are effective annualized fiscal rates.

# Notes

---

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

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

<sup>3</sup> To achieve the announced reductions in 2023-24, Treasury Board of Canada Secretariat (TBS) froze \$500 million across the reference levels of 68 organizations in Supplementary Estimates (B) 2023-24.

<sup>4</sup> Off-cycle measures that appear in the budget are policy actions that are announced after the tabling of the Fall Economic Statement. The list of these measures can be found under Annex 1 in Budget 2023.

<sup>5</sup> Office of the Chief Actuary. [Actuarial Report on the Canada Student Financial Assistance Program as at 31 July 2022.](#)

RP-2324-026-S\_e

T\_RP\_3.0.1e

© Office of the Parliamentary Budget Officer, Ottawa, Canada, 2024