

November 20, 2024



Supplementary Estimates (B) 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 provides a detailed analysis of the Government's second Supplementary Estimates for the 2024-25 fiscal year, which seeks Parliament's approval of \$21.6 billion.

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Highlights

These Supplementary Estimates outline an additional \$24.8 billion in budgetary authorities. Parliament's approval is required for \$21.6 billion.

Roughly one quarter of proposed budgetary authorities (\$6.4 billion) is related to 143 Budget 2024 measures.

Major areas of planned spending include Indigenous-related programs and claims, military procurement and support, and personnel.

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

Summary

The Supplementary Estimates (B), 2024-25 is the second planned Supplementary Estimates in 2024-25 and supports the fourth appropriation bill for the current fiscal year.

These Supplementary Estimates outline an additional \$24.8 billion in budgetary authorities, of which Parliament's approval is required for \$21.6 billion. The remaining \$3.2 billion represents an increase to forecasted statutory authorities, for which the Government has Parliament's approval to spend via other legislation. The increase is largely driven by \$2.6 billion for the Canada Carbon Rebate for small businesses.

Roughly one quarter of proposed budgetary authorities (\$6.4 billion, or 25.7 per cent) are related to 143 Budget 2024 measures. Nearly one quarter of proposed spending (\$5.9 billion, or 23.6 per cent) falls under the Indigenous portfolio.

A notable amount of planned spending in these Supplementary Estimates relates to military procurement and support, including support for Ukraine.

Planned spending on personnel accounts for approximately \$2.9 billion of proposed authorities, with more than half (\$1.6 billion) going to the Treasury Board of Canada Secretariat for negotiated salary adjustments and the Public Service Insurance plans and programs.

To support parliamentarians in their scrutiny of Budget 2024 implementation, PBO has prepared [tracking tables](#) that list all budget initiatives with planned spending in fiscal year 2024-25, 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 within 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 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."²

The Supplementary Estimates (B), 2024-25 is the second planned Supplementary Estimates in 2024-25 and supports the fourth appropriation bill for the current fiscal year.

1.1 Proposed Spending

Supplementary Estimates (B), 2024-25 outlines an additional \$24.8 billion in budgetary authorities (Table 1). Voted authorities, which require approval by Parliament, total \$21.6 billion. Statutory authorities, for which the Government already has Parliament's permission to spend, are forecast to increase by a total of \$3.2 billion.

Table 1

Supplementary Estimates (B), 2024-25: Total Authorities

Authorities (\$ billions)	Budgetary	Non-budgetary
Voted	21.6	0
Statutory	3.2	0.7
Total	24.8	0.7

Source:

Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2024-25.

The forecasted increase in statutory authorities is largely driven by:

- \$2.6 billion for the Canada Carbon Rebate for small businesses; and,
- \$307 million for the Canada Carbon Rebate for individuals.

Non-budgetary authorities, which include loans, investments and advances, are forecast to increase by \$0.7 billion. This includes:

- \$400 million in loans to Ukraine through the International Monetary Fund Administered Account; and,
- \$276 million in investments to the World Bank to expand the Bank's capacity to help developing countries and advance the United Nations' Sustainable Development Goals.

Including these Supplementary Estimates, the total proposed year-to-date budgetary authorities are \$487.4 billion, which represents a \$5.2 billion (or 1.0 per cent) decrease compared with the Estimates to date for the preceding year.

Supplementary Estimates (B) often follow the tabling of the Public Accounts, which are the audited consolidated financial statements of the Government of Canada for the previous fiscal year. At the time of publication of this report, the Public Accounts for the prior fiscal year (2023-24) have yet to be released. As noted in PBO's recent [report](#) on timely financial reporting, timely publication of the Public Accounts would provide parliamentarians with more time for ex-post financial scrutiny and better information to assess the Government's budget plans and Estimates.

2. Major Expenditures

2.1 Budget 2024

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. Supplementary Estimates (B), 2024-25 represents the second opportunity for the Government to seek Parliament's approval for Budget 2024 items through the Estimates.

In Budget 2024, PBO identified 241 budget initiatives, excluding off-cycle measures.³ Of these initiatives, roughly 200 measures contain new planned spending in 2024-25. PBO is monitoring the implementation of these initiatives through the Estimates and other legal mechanisms in our online [tracking tables](#).

These Supplementary Estimates are seeking \$6.4 billion across 143 Budget 2024 initiatives. This brings the total proposed spending to date for Budget 2024 initiatives in the Estimates to around \$8.0 billion. In comparison, at this point last year, approximately \$10.0 billion for 89 Budget 2023 initiatives (out of 170 that contained planned spending in 2023-24) had appeared in the Estimates.

Budgetary authorities related to Budget 2024 initiatives account for approximately one quarter (25.7 per cent) of all proposed budgetary authorities in these Supplementary Estimates. The five largest items, which all fall under Indigenous Services Canada and the Department of National Defence, are listed in Table 2.

Table 2
Major Budget 2024 measures

Budget Measure	Amount (\$ millions)	Department
First Nations and Inuit Health	629	Indigenous Services Canada
First Nation K-12 Education	348	Indigenous Services Canada
Unwavering Support for Ukraine – Military Aid	320	National Defence
Stronger National Defence – Sustaining Naval Vessels	317	National Defence
Supporting Indigenous Mental Health	314	Indigenous Services Canada

Source:

Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2024-25.

Department of Finance Canada, Budget 2024.

Note:

The description of the Budget Measure in the Budget and the Estimates document may not be the same. These amounts include Employee Benefit Plans (EBP).

2.2 Indigenous spending

Roughly one quarter of proposed spending in these Supplementary Estimates (\$5.9 billion, or 23.6 per cent) falls under the Indigenous portfolio, including \$4.5 billion for Indigenous Services Canada (ISC) and \$1.4 billion for Crown-Indigenous Services and Northern Affairs Canada (CIRNAC). A notable portion of the proposed spending is for Indigenous programs under ISC, including:

- \$955 million for reforms to the First Nations Child and Family Services program;
- \$725 million for the continued implementation of Jordan's Principle; and,
- \$563 million for the non-insured health benefits program.

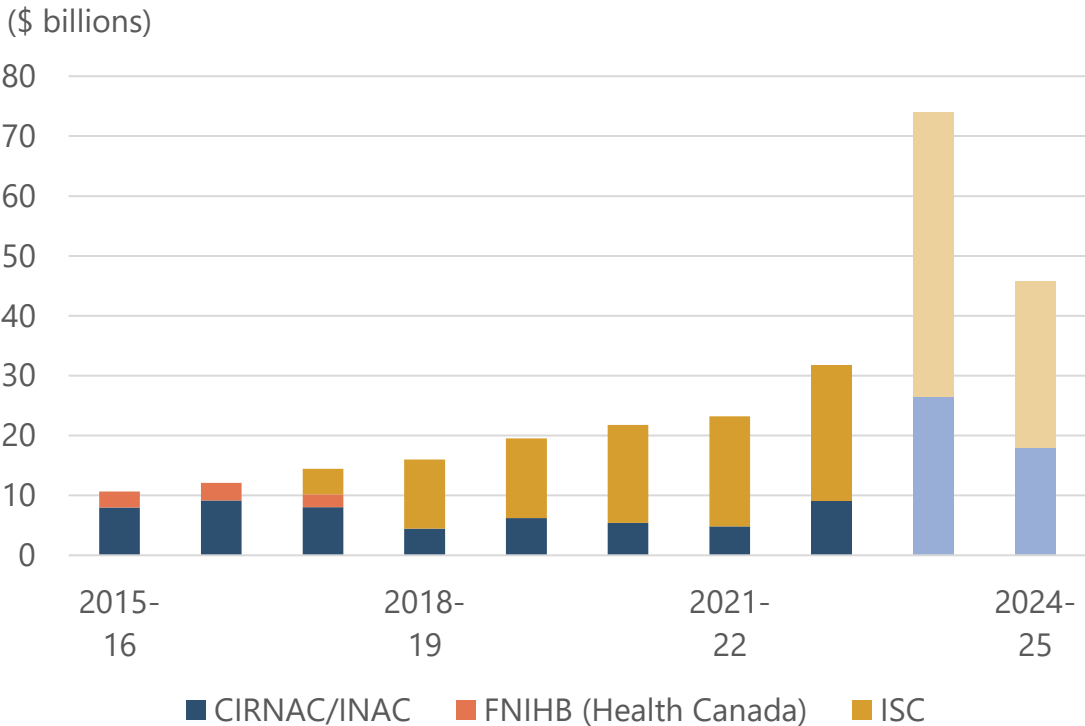
The proposed spending also relates to settlements and Indigenous claims, including:

- \$533 million to CIRNAC to settle land-related claims;
- \$460 million to CIRNAC for the Specific Claims Settlement Fund; and,

- \$262 million to ISC for costs related to compensation settlements.

Including these Supplementary Estimates, total proposed authorities to date for the two organizations is \$45.7 billion for this fiscal year, which represents an increase of 216 per cent over their combined budgetary expenditures in 2017-18 (Figure 2-2).⁴ In the absence of the 2023-24 Public Accounts, PBO is currently unable to determine how much of the proposed spending last fiscal year was actually spent.

Figure 2-2
Indigenous spending, 2015-16 to 2024-25



Textual description:

Fiscal Year (\$ billions)	2015- 16	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23	2023- 24*	2024- 25*
CIRNAC/INAC	8.0	9.1	8.0	4.4	6.2	5.4	4.8	9.1	26.5	17.9
FNIHB (Health Canada)	2.7	3.0	2.1	0	0	0	0	0	0	0
ISC	0	0	4.3	11.6	13.3	16.4	18.4	22.6	47.5	27.8
Total	10.7	12.1	14.5	16.0	19.5	21.7	23.2	31.7	74.0	45.7

Source:

Receiver General of Canada, Public Accounts of Canada.

Treasury Board of Canada Secretariat, Supplementary Estimates (B), 2024-25.

Note:

Totals might not add due to rounding.

* Data up until and including 2022-23 are actuals. Values for 2023-24 are Estimates to date. Values for 2024-25 are proposed authorities as of Supplementary Estimates (B), 2024-25.

The significant increase in planned spending in 2023-24 is due to an increase in claims and settlements, namely \$23.3 billion for the First Nations child welfare settlement.

Prior to the creation of CIRNAC and ISC, the First Nations Inuit Health Branch (FNIHB) existed under Health Canada.

2.3 Military procurement and support

A notable amount of planned spending in these Supplementary Estimates relates to military procurement and support. This includes planned spending for several ongoing activities by the Department of National Defence:

- \$659 million for the Future Aircrew Training Program;
- \$561 million for the Canadian Multi-Mission Aircraft Project;
- \$315 million for the Joint Support Ship; and,
- \$299 million for the sustainment of the Halifax-class frigates.

Supplementary Estimates (B), 2024-25 also includes support for Ukraine across several departments. This takes the form of:

- \$764 million to the Department of National Defence for military aid to Ukraine;

- \$400 million to the Department of Finance Canada for loans to Ukraine through the International Monetary Fund Administered Account; and,
- \$45 million to Global Affairs Canada to advance humanitarian demining and promote resilience in Ukraine.

These Supplementary Estimates also include a \$943 million increase in planned spending for Veterans Affairs Canada for demand-driven services which provide support to eligible veterans and their families. Some of the Veterans Affairs planned expenditures may fall under the North Atlantic Treaty Organization (NATO) two per cent definition for military expenditures. For further analysis on this topic, PBO has recently published a [report](#) on the fiscal implications of meeting the NATO spending target.

2.4 Personnel spending

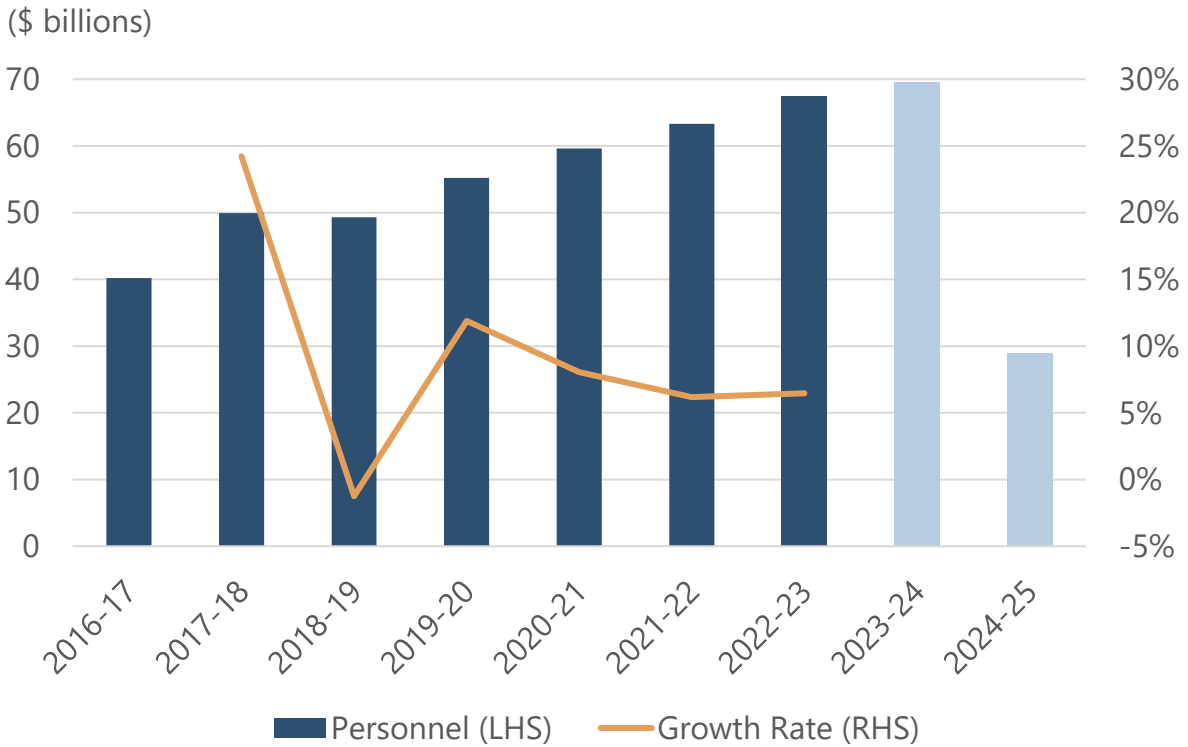
Personnel spending accounts for approximately \$2.9 billion (or 11.7 per cent) of budgetary authorities in Supplementary Estimates (B), 2024-25. Roughly half of this, \$1.6 billion, is for Treasury Board of Canada Secretariat, including:

- \$971 million to compensate organizations for negotiated salary adjustments; and,
- \$644 million for Public Service Insurance plans and programs.

At the time of publication of this report, PBO lacks the audited spending amount for personnel in 2023-24 as the Public Accounts for that fiscal year have yet to be released. However, as of the March 2024 Fiscal Monitor, spending on personnel in 2023-24 reached \$69.5 billion (Figure 2-4), which is consistent with PBO's prior observation that personnel spending has been consistently increasing over the past several years.

Based on the latest Fiscal Monitor, spending on personnel in the first five months of 2024-25 is up 8.0 per cent over the same period last year, at \$29.0 billion in August 2024.

Figure 2-4
Personnel spending, 2016-17 to 2024-25



Textual description:

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24*	2024-25*
Personnel (\$ billions)	40.2	49.9	49.3	55.2	59.6	63.3	67.4	69.5	29.0
Growth Rate (%)	-	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 represents personnel expenses from the Fiscal Monitor. Data for 2024-25 is year-to-date (April to August) personnel expenses from the Fiscal Monitor.

Notes

¹ [*Old Age Security Act.*](#)

² Treasury Board of Canada Secretariat. [Supplementary Estimates \(B\), 2024-25.](#)

³ 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 2024. Currently, there is no method to track funding that is introduced through the Estimates for off-cycle measures that are included in the budget.

⁴ Prior to 2017, Indigenous-related spending was under Indigenous and Northern Affairs Canada (INAC) and the First Nations Inuit Health Branch (FNIHB) under Health Canada. In 2017, the Government announced the dissolution of INAC, to be replaced by two new departments: Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs (CIRNAC).

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