

October 17, 2024



# Economic and Fiscal Outlook – October 2024



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 baseline projection to help parliamentarians gauge potential economic and fiscal outcomes under current policy settings.

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# Highlights

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PBO projects growth in the Canadian economy to remain tepid in 2024. Interest rates will continue to restrain growth in consumer spending and business investment. We expect real GDP growth will rebound to 2.2 per cent in 2025, as lower borrowing costs provide a boost to consumer spending and business investment, and exports pickup.

With the ongoing excess supply in the economy, consumer price index (CPI) inflation is on track to return to its 2 per cent target. We anticipate the Bank of Canada will continue to gradually reduce its policy rate until it reaches its estimated neutral level of 2.75 per cent in the second quarter of 2025.

We estimate that there was a budgetary deficit of \$46.8 billion (1.6 per cent of GDP) in 2023-24. For the current fiscal year, 2024-25, PBO projects the budgetary deficit to slightly decline to \$46.4 billion (1.5 per cent of GDP) under status quo policy. Assuming no new measures are introduced, and existing temporary measures sunset as scheduled, the deficit is projected to resume its downward trajectory, falling to \$22.5 billion (0.6 per cent of GDP) in 2029-30.

PBO expects the federal debt-to-GDP ratio to be 42.2 per cent in 2023-24 and 2024-25. Assuming no new measures and existing temporary measures sunset as scheduled, the federal debt ratio is projected to fall to 39.0 per cent in 2029-30, well above its pre-pandemic level of 31.2 per cent of GDP in 2019-20.

PBO projects the debt service ratio (that is, public debt charges relative to total revenues) to rise to 10.6 in 2024-25 from 10.3 per cent in 2023-24. As the effective interest rate on debt edges higher in 2024-25, we project the debt service ratio to increase further and reach 11.2 per cent in 2029-30—well above its pre-pandemic record low of 7.0 per cent in 2018-19.

# Summary

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This report provides a baseline projection to help parliamentarians gauge potential economic and fiscal outcomes under current policy settings. Our outlook incorporates economic data up to and including October 1. It also includes new measures announced by the Government in Budget 2024 and through August 31. The following provides a condensed overview of PBO's Economic and Fiscal Outlook (EFO). Projection details are provided in Appendices A to I.

## Economic outlook

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The Canadian economy surpassed our expectations in the first half of 2024, posting an average quarterly real GDP growth of 1.9 per cent (at annual rates). The expansion was largely driven by household and government consumption, which emerged as the key contributors to overall growth.

We anticipate that economic growth will moderate over the remainder of the year, as the contribution of government spending tapers off. Overall, we project real GDP will advance by 1.1 per cent in 2024. Despite the Bank of Canada's recent rate cuts, interest rates will remain elevated for the rest of the year and will continue to put downward pressure on consumer spending and investment. Furthermore, we anticipate inventory investment will subtract from growth, as firms continue to reduce their stock levels.

In line with the deceleration in economic activity, the labour market has also softened throughout 2024. The unemployment rate edged higher, reaching 6.7 per cent in August 2024, as employment gains have not kept pace with robust population growth. We anticipate that the unemployment rate will remain above 6 per cent until the second half of 2026 before gradually declining to 5.6 per cent by the end of our projection horizon, consistent with the projected decrease in the labour force participation rate resulting from population ageing and slower population growth (Box 1-1).

We project real GDP growth will rebound to 2.2 per cent in 2025 (Table 1), as lower borrowing costs provide a boost to consumer spending and business investment, and exports pickup. Over 2027 to 2029, we project real GDP growth to average 1.9 per cent which is slightly higher than our estimated growth in potential output (1.8 per cent) over the same period.

**Table 1**

Summary of the economic outlook, per cent (unless otherwise stated)

|                                   | 2023 | 2024 | 2025 | 2026 | 2027-2029 |
|-----------------------------------|------|------|------|------|-----------|
| <b>Real GDP growth</b>            | 1.2  | 1.1  | 2.2  | 2.0  | 1.9       |
| <b>Unemployment rate</b>          | 5.8  | 6.7  | 6.2  | 5.9  | 5.6       |
| <b>WTI oil price, \$US</b>        | 78   | 77   | 69   | 70   | 73        |
| <b>CPI inflation</b>              | 3.9  | 2.3  | 1.7  | 1.9  | 1.9       |
| <b>Bank of Canada policy rate</b> | 5.00 | 3.75 | 2.75 | 2.75 | 2.75      |

Source:

Statistics Canada.

Office of the Parliamentary Budget Officer.

Note:

The projection period covers 2024 to 2029. The unemployment rate and the Bank of Canada policy rate are end of period values.

In August 2024, inflation returned to its 2 per cent target.<sup>1</sup> With the economy now in excess supply and lower energy prices, we anticipate that consumer inflation will ease further over the near term, stabilizing at 1.9 per cent, on average, over 2026 to 2028.

Based on our outlook for inflation and the output gap, we assume that the Bank of Canada will continue to gradually reduce its policy until it reaches its estimated neutral level of 2.75 per cent in the second quarter of 2025.<sup>2</sup>

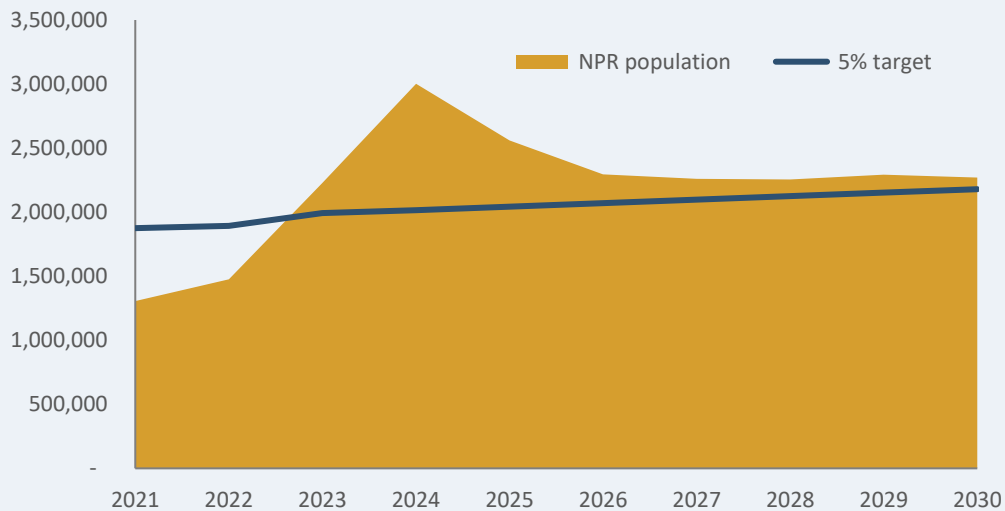
Overall, our outlook for nominal GDP—the broadest measure of the government’s tax base—is higher compared to our [March 2024 EFO](#), largely due to historical revisions in 2023 and stronger-than-expected growth in the first half of 2024. Overall, the level of nominal GDP is projected to be \$17.4 billion higher annually, on average, over 2024 to 2028 compared to our March 2024 outlook.

## Box 1-1: Non-permanent residents

In March 2024, the government announced its intention to reduce the proportion of non-permanent residents (NPR) in the population to 5 per cent over three years. Since then, the government introduced a series of modifications to its temporary residency programs with the objective of significantly reducing the inflow of NPR.

As an input to its economic projections, the PBO has revised the NPR component of its baseline demographic scenario to account for the latest demographic data from Statistics Canada and the anticipated impact of new government policies on future inflows of NPR.

Figure B-1: PBO’s baseline scenario for the non-permanent resident population



Source:  
 Statistics Canada.  
 Office of the Parliamentary Budget Officer.

In our scenario, the foreign student population stabilizes at approximately 1 million over the projection horizon, while the number of work permit holders is expected to rapidly decline and stabilize slightly above 800,000 by 2027. Lastly, the number of asylum claimants is assumed to remain stable at around 400,000.

## Non-permanent residents (continued)

This updated demographic scenario revised down our outlook for the Canadian labour force by roughly 1 per cent for 2027 onward, putting downward pressure on the growth of potential output.

Achieving the federal government's target would require a reduction of the NPR population of almost 1 million temporary residents. Figure B-1 illustrates that despite a sharp decline in the size of the NPR population over the next two years, our baseline scenario assumes that the government will fall short of its announced target.

However, it is important to note that the future flows of NPRs are subject to a high degree of uncertainty. Among the various factors that could influence this scenario, an increase in demand for post-graduation work permits and a higher-than-expected inflow of asylum claimants represent significant upside risks.

## Fiscal outlook

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Our status quo outlook includes new measures announced in the Budget 2024 and through August 31. Combined, new measures amount to \$44.2 billion in net new spending over 2023-24 to 2028-29.<sup>3</sup>

In the absence of final financial results for the past fiscal year, we estimate that there was a budgetary deficit of \$46.8 billion (1.6 per cent of GDP) in 2023-24. For the current fiscal year, 2024-25, we expect the deficit to slightly decline to \$46.4 billion (1.5 per cent of GDP) due to higher revenue growth partly offset by higher expenses (Table 2).

In 2025-26, assuming no new measures are introduced, and existing temporary measures sunset as scheduled, the budgetary deficit is projected to resume its downward trajectory. We estimate the deficit will fall to \$22.5 billion (0.6 per cent of GDP) in 2029-30, as growth in tax revenue tracks gains in nominal GDP and growth in program spending remains relatively constrained.



**Table 2**

Summary of the fiscal outlook, billions of dollars (unless otherwise stated)

|                                    | 2023-2024      | 2024-2025      | 2025-2026      | 2026-2027      | 2027-2028      | 2028-2029      | 2029-2030      |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                    | 461.0          | 496.6          | 513.6          | 535.8          | 560.3          | 583.0          | 605.8          |
| Program expenses                   | 452.8          | 485.9          | 497.0          | 509.1          | 527.6          | 545.2          | 564.7          |
| Public debt charges                | 47.4           | 52.8           | 53.7           | 57.8           | 61.3           | 64.6           | 67.6           |
| Actuarial losses                   | 7.6            | 4.2            | 1.8            | -1.2           | -0.2           | -2.9           | -4.0           |
| <b>Expenses</b>                    | <b>507.7</b>   | <b>543.0</b>   | <b>552.6</b>   | <b>565.8</b>   | <b>588.8</b>   | <b>606.8</b>   | <b>628.3</b>   |
| <b>Budgetary balance</b>           | <b>-46.8</b>   | <b>-46.4</b>   | <b>-39.0</b>   | <b>-30.0</b>   | <b>-28.5</b>   | <b>-23.8</b>   | <b>-22.5</b>   |
| <b>Federal debt</b>                | <b>1,221.1</b> | <b>1,267.4</b> | <b>1,306.4</b> | <b>1,336.4</b> | <b>1,364.8</b> | <b>1,388.6</b> | <b>1,411.2</b> |
| <b>Budgetary balance, % of GDP</b> | <b>-1.6</b>    | <b>-1.5</b>    | <b>-1.3</b>    | <b>-0.9</b>    | <b>-0.8</b>    | <b>-0.7</b>    | <b>-0.6</b>    |
| <b>Federal debt, % of GDP</b>      | <b>42.2</b>    | <b>42.2</b>    | <b>42.0</b>    | <b>41.4</b>    | <b>40.8</b>    | <b>39.9</b>    | <b>39.0</b>    |

Source:

Office of the Parliamentary Budget Officer.

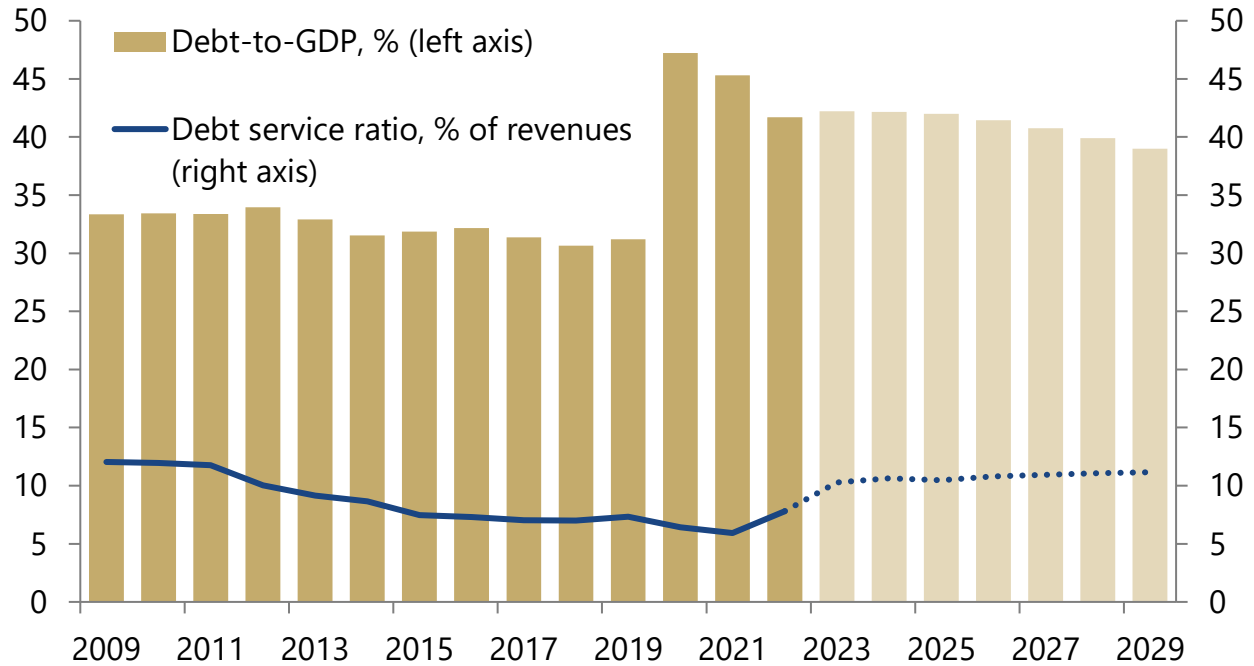
Note:

The projected level of federal debt for 2023-24 includes \$1.3 billion of other comprehensive losses and net remeasurement losses on financial instruments from the [March 2024 Fiscal Monitor](#).<sup>4</sup> Fiscal year 2023-24 is an estimate. The projection period covers fiscal years 2024-25 to 2029-30. Totals may not add due to rounding.

We project the debt service ratio (that is, public debt charges relative to total revenues) to rise to 10.6 in 2024-25 from 10.3 per cent in 2023-24 (Figure 1). As the effective interest rate on debt edges higher in 2024-25, we project the debt service ratio to increase further and reach 11.2 per cent in 2029-30—well above its pre-pandemic record low of 7.0 per cent in 2018-19.

In 2023-24 and 2024-25, we expect the federal debt-to-GDP ratio to be 42.2 per cent. We then project the federal debt-to-GDP ratio to gradually decline to 39.0 per cent by 2029-30, remaining well above its pre-pandemic level of 31.2 per cent of GDP in 2019-20. The federal debt-to-GDP ratio is projected to be 0.2 percentage points higher, on average, over 2024-25 to 2028-29 compared to our March 2024 outlook.

**Figure 1**  
Federal debt and debt service ratios, per cent



Source:  
Finance Canada.  
Statistics Canada.  
Office of the Parliamentary Budget Officer.

Note:  
Data are in fiscal years (2023 corresponds to fiscal year 2023-24). Fiscal year 2023-24 is an estimate. The projection period covers fiscal years 2024-25 to 2029-30.

Compared to our March 2024 outlook, we project budgetary deficits that are \$4.1 billion higher, on average, over 2023-24 to 2028-29. This increase is largely due to new spending measures announced by the Government that boost our direct program expenses projection (Table 3).

Higher expenses are partially offset by increases in projected revenues. Excluding Budget 2024 and off-cycle measures, our outlook for total revenue is \$5.5 billion per year, on average, higher than our previous EFO. This reflects higher personal and corporate income tax revenue over the projection horizon.<sup>5</sup>

**Table 3**

Evolution of the budgetary balance since March 2024, billions of dollars

|   | 2023-2024    | 2024-2025    | 2025-2026    | 2026-2027    | 2027-2028    | 2028-2029    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Budgetary balance – March 2024 EFO</b>   | -46.8        | -40.8        | -35.5        | -25.1        | -24.4        | -16.9        |
| Additional measures                         | -2.9         | -8.1         | -10.3        | -8.2         | -7.4         | -7.4         |
| Economic and other fiscal developments      | 2.9          | 2.5          | 6.9          | 3.3          | 3.4          | 0.5          |
| <b>Budgetary balance – October 2024 EFO</b> | <b>-46.8</b> | <b>-46.4</b> | <b>-39.0</b> | <b>-30.0</b> | <b>-28.5</b> | <b>-23.8</b> |

Source:

Office of the Parliamentary Budget Officer.

Note:

Additional measures include those announced in Budget 2024 and through to August 31. Fiscal year 2023-24 is an estimate. The projection period covers fiscal years 2024-25 to 2029-30. Totals may not add up due to rounding.

## Risks and uncertainty

Our outlook provides a baseline projection to help parliamentarians gauge potential economic and fiscal outcomes under current policy settings (that is, a “status quo” baseline). Setting aside new measures that are likely to be announced in the Government’s 2024 Fall Economic Statement, we judge that the risks to our baseline economic and fiscal projection are roughly balanced.

In terms of downside risks, we continue to judge that the most important risk is a larger-than-expected impact of the Bank of Canada’s past interest rates increases, which would negatively affect the Canadian economy and federal finances. Furthermore, geopolitical tensions in the Middle East could result in higher commodity prices and shipping disruptions, further increasing import costs, and tempering the decline in inflation.

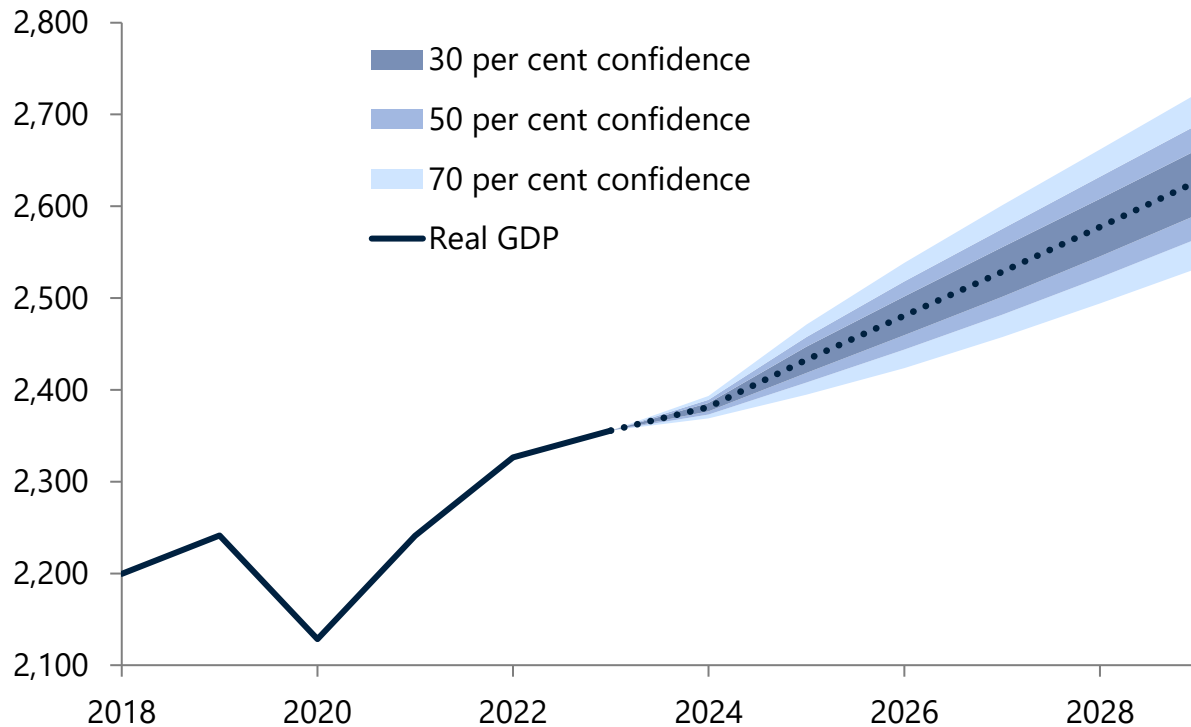
On the upside, household spending could be stronger than anticipated. This would boost economic growth, federal tax revenues and reduce eligibility for means tested benefits.

To illustrate uncertainty surrounding our economic and fiscal outlook, we construct distributions of possible future outcomes that are centred on our baseline projection, which are then used to calculate “confidence” intervals.<sup>6</sup>

Relative to our baseline real GDP growth projection (1.8 per cent annually, on average, over 2024 to 2029), the 30, 50 and 70 per cent confidence intervals shown in Figure 2 are consistent with average annual growth of  $\pm 0.2$ ,  $\pm 0.4$  and  $\pm 0.6$  percentage points respectively.

## Figure 2

Uncertainty surrounding the outlook for real GDP, billions chained (2017) dollars



Source:  
 Statistics Canada.  
 Office of the Parliamentary Budget Officer.

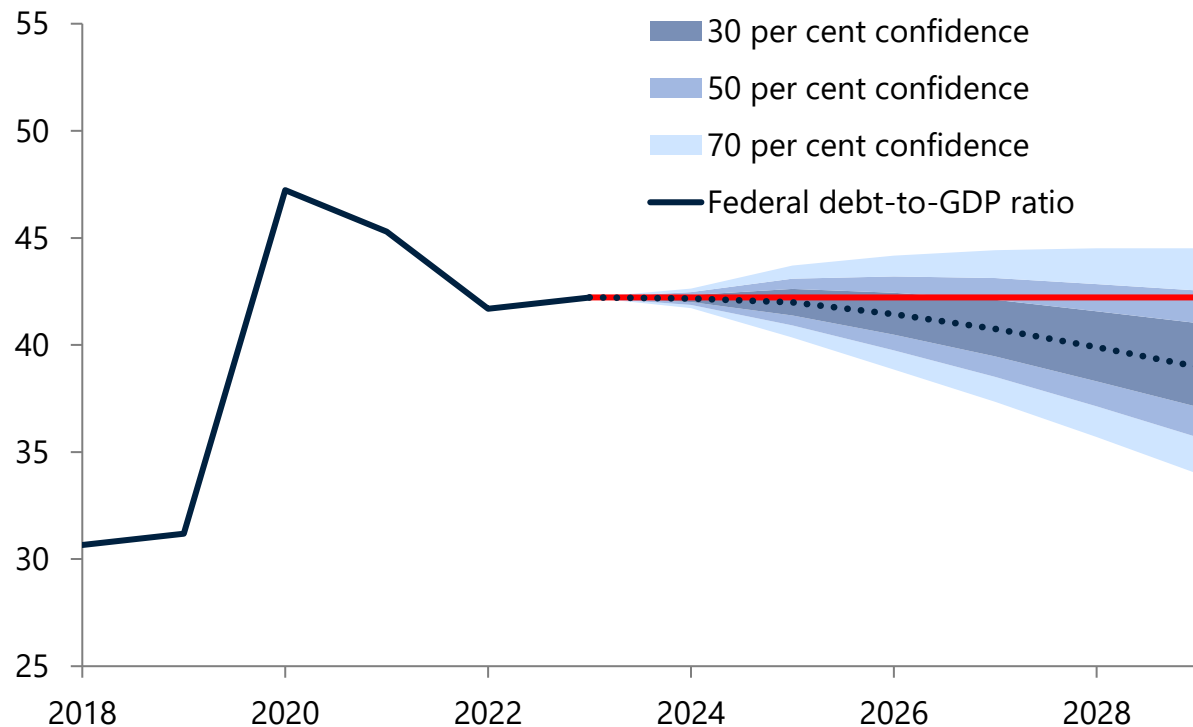
Note:  
 The projection period covers 2024 to 2029.

Given the possible economic outcomes surrounding our baseline projection, and on a status quo basis, we estimate that a 70 per cent confidence interval for the federal debt-to-GDP ratio in 2029-30 would range from 34.0 per cent to 44.5 per cent (Figure 3). We

estimate there is a 73 per cent chance that the federal debt-to-GDP ratio in 2029-30 would be below its 2023-24 baseline level of 42.2 per cent.

### Figure 3

Uncertainty surrounding the outlook for the federal debt-to-GDP ratio, per cent



Source:  
 Finance Canada.  
 Statistics Canada.  
 Office of the Parliamentary Budget Officer.

Note:  
 The series are presented on a fiscal-year basis (2024 corresponds to fiscal year 2024-25). The projection period covers 2024-25 to 2029-30. The red line corresponds to the level of the federal debt-to-GDP ratio in 2023-24.

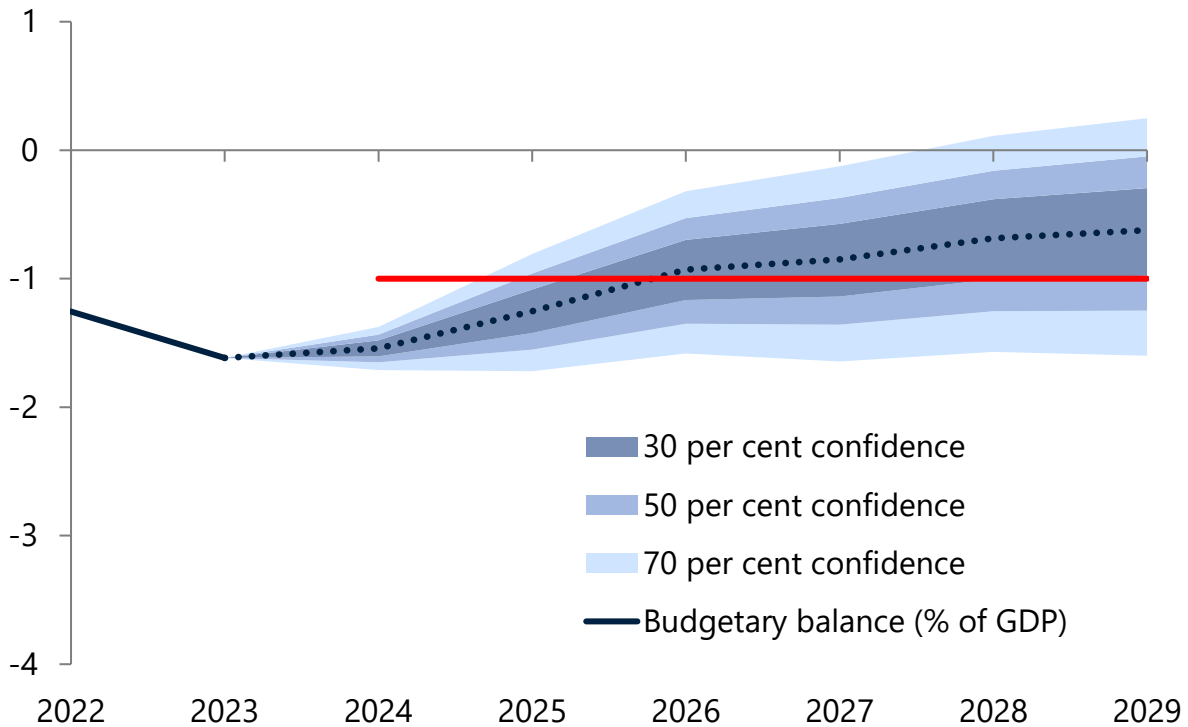
On a status quo basis, we estimate that a 70 per cent confidence interval for the budgetary balance relative to GDP in 2026-27—the first year of the Government’s 1 per cent of GDP deficit threshold—would range from a deficit of 1.6 per cent to 0.3 per cent (Figure 4). We estimate there is a 46 per cent chance that the deficit would exceed its 1 per cent threshold in 2026-27.

In 2029-30, we estimate that a 70 per cent confidence interval for the budgetary balance would range from a deficit of 1.6 per cent of GDP to a surplus of 0.2 per cent of GDP. In



the absence of new measures, we estimate there is a 34 per cent chance that the deficit would exceed its 1 per cent threshold in 2029-30.

**Figure 4**  
 Uncertainty surrounding the outlook for the budgetary balance, per cent of GDP



Source:  
 Finance Canada.  
 Statistics Canada.  
 Office of the Parliamentary Budget Officer.

Note:  
 The series are presented on a fiscal-year basis (2023 corresponds to fiscal year 2023-24). The projection period covers 2024-25 to 2029-30. The red line corresponds to the Government's 1 per cent of GDP deficit threshold (effective in 2026-27 and future years).

# Appendix A: Detailed economic outlook

| % unless otherwise indicated        | Projection |       |       |       |       |       |       |
|-------------------------------------|------------|-------|-------|-------|-------|-------|-------|
|                                     | 2023       | 2024  | 2025  | 2026  | 2027  | 2028  | 2029  |
| <b>Real GDP growth</b>              |            |       |       |       |       |       |       |
| October 2024                        | 1.2        | 1.1   | 2.2   | 2.0   | 1.9   | 1.9   | 1.9   |
| March 2024                          | 1.1        | 0.8   | 2.4   | 2.2   | 2.1   | 2.0   |       |
| <b>Potential GDP growth</b>         |            |       |       |       |       |       |       |
| October 2024                        | 1.9        | 2.7   | 2.0   | 1.2   | 1.5   | 1.9   | 1.9   |
| March 2024                          | 2.1        | 2.5   | 2.0   | 1.9   | 1.9   | 1.9   |       |
| <b>GDP inflation</b>                |            |       |       |       |       |       |       |
| October 2024                        | 1.5        | 2.8   | 1.3   | 1.6   | 1.9   | 2.0   | 2.0   |
| March 2024                          | 1.3        | 2.1   | 1.6   | 1.8   | 2.0   | 2.0   |       |
| <b>Nominal GDP growth</b>           |            |       |       |       |       |       |       |
| October 2024                        | 2.8        | 3.9   | 3.5   | 3.7   | 3.8   | 3.9   | 4.0   |
| March 2024                          | 2.4        | 3.0   | 4.0   | 4.0   | 4.1   | 4.1   |       |
| <b>Nominal GDP (\$ billions)</b>    |            |       |       |       |       |       |       |
| October 2024                        | 2,892      | 3,005 | 3,111 | 3,225 | 3,349 | 3,481 | 3,621 |
| March 2024                          | 2,880      | 2,966 | 3,086 | 3,210 | 3,343 | 3,479 |       |
| <b>3-month treasury rate</b>        |            |       |       |       |       |       |       |
| October 2024                        | 5.1        | 3.7   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7   |
| March 2024                          | 5.1        | 3.5   | 2.5   | 2.5   | 2.5   | 2.5   |       |
| <b>10-year government bond rate</b> |            |       |       |       |       |       |       |
| October 2024                        | 3.6        | 3.3   | 3.5   | 3.5   | 3.5   | 3.5   | 3.5   |
| March 2024                          | 3.6        | 3.3   | 3.3   | 3.3   | 3.3   | 3.3   |       |
| <b>Exchange rate (US\$/C\$)</b>     |            |       |       |       |       |       |       |
| October 2024                        | 74.1       | 73.7  | 75.8  | 77.9  | 79.1  | 79.6  | 79.9  |
| March 2024                          | 74.1       | 75.3  | 76.1  | 76.8  | 77.4  | 77.7  |       |
| <b>Unemployment rate</b>            |            |       |       |       |       |       |       |
| October 2024                        | 5.8        | 6.7   | 6.2   | 5.9   | 5.7   | 5.6   | 5.6   |
| March 2024                          | 5.8        | 5.9   | 5.7   | 5.6   | 5.6   | 5.5   |       |
| <b>CPI inflation</b>                |            |       |       |       |       |       |       |
| October 2024                        | 3.9        | 2.3   | 1.7   | 1.9   | 1.9   | 2.0   | 2.0   |
| March 2024                          | 3.9        | 2.4   | 1.9   | 1.9   | 1.9   | 2.0   |       |
| <b>U.S. real GDP growth</b>         |            |       |       |       |       |       |       |
| October 2024                        | 2.9        | 2.6   | 1.9   | 1.8   | 1.8   | 1.8   | 1.8   |
| March 2024                          | 2.5        | 2.1   | 1.7   | 1.8   | 1.8   | 1.8   |       |
| <b>WTI oil price (\$US)</b>         |            |       |       |       |       |       |       |
| October 2024                        | 78         | 77    | 69    | 70    | 72    | 73    | 74    |
| March 2024                          | 78         | 74    | 70    | 70    | 71    | 72    |       |

Source:

Statistics Canada.

Office of the Parliamentary Budget Officer.

Note:

The unemployment rate and the interest rates (Bank of Canada policy rate, 3-month treasury rate, 10-year government bond rate) are end of period values.

# Appendix B: Composition of nominal GDP

| % of GDP                                     | Projection |      |      |      |      |      |      |
|--|------------|------|------|------|------|------|------|
|  | 2023       | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| <b>Expenditure share</b>                     |            |      |      |      |      |      |      |
| Final household consumption                  | 53.7       | 54.1 | 54.6 | 54.9 | 55.1 | 55.5 | 55.9 |
| Non-profit institutions serving households   | 1.6        | 1.6  | 1.6  | 1.7  | 1.7  | 1.7  | 1.7  |
| Government consumption expenditure           | 21.2       | 21.8 | 21.9 | 21.6 | 21.4 | 21.2 | 21.0 |
| Government investment                        | 3.9        | 4.0  | 4.1  | 4.1  | 4.0  | 4.0  | 4.0  |
| Residential investment                       | 7.7        | 7.4  | 7.1  | 7.4  | 7.4  | 7.5  | 7.7  |
| Business investment                          | 11.1       | 11.0 | 11.2 | 11.3 | 11.5 | 11.5 | 11.4 |
| Inventory investment                         | 1.2        | 0.9  | 0.6  | 0.3  | 0.3  | 0.2  | 0.1  |
| Exports of goods and services                | 33.4       | 32.5 | 32.1 | 31.9 | 32.0 | 31.9 | 31.8 |
| Imports of goods and services                | 33.8       | 33.3 | 33.2 | 33.2 | 33.4 | 33.6 | 33.7 |
|  |            |      |      |      |      |      |      |
| <b>Income share</b>                          |            |      |      |      |      |      |      |
| Compensation of employees                    | 51.1       | 51.8 | 51.7 | 51.1 | 51.2 | 51.5 | 51.6 |
| Net mixed income                             | 8.9        | 9.3  | 9.1  | 8.8  | 8.8  | 8.8  | 8.9  |
| Corporate profits before tax                 | 10.7       | 9.1  | 8.9  | 9.7  | 9.6  | 9.1  | 8.8  |
| Investment income                            | 2.1        | 2.2  | 2.5  | 2.6  | 2.6  | 2.6  | 2.6  |
| Consumption of fixed capital                 | 16.8       | 17.0 | 16.9 | 16.7 | 16.6 | 16.6 | 16.6 |
| Taxes less subsidies on production           | 3.7        | 3.9  | 4.0  | 4.0  | 4.0  | 4.0  | 4.0  |
| Taxes less subsidies on products and imports | 6.6        | 6.8  | 7.0  | 7.1  | 7.3  | 7.4  | 7.5  |

Source:

Statistics Canada.

Office of the Parliamentary Budget Officer.

# Appendix C: Detailed revenue outlook

| \$ billions                                   | Estimate     | Projection   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2023-2024    | 2024-2025    | 2025-2026    | 2026-2027    | 2027-2028    | 2028-2029    | 2029-2030    |
| <b>Income taxes</b>                           |              |              |              |              |              |              |              |
| Personal income tax                           | 219.6        | 233.4        | 242.1        | 251.3        | 261.8        | 273.4        | 285.1        |
| Corporate income tax                          | 82.5         | 87.5         | 88.1         | 90.9         | 94.3         | 95.4         | 97.2         |
| Non-resident income tax                       | 12.6         | 13.2         | 13.5         | 13.8         | 14.4         | 14.8         | 15.6         |
| <b>Total</b>                                  | <b>314.7</b> | <b>334.1</b> | <b>343.7</b> | <b>356.1</b> | <b>370.5</b> | <b>383.6</b> | <b>397.9</b> |
| <b>Excise taxes/duties</b>                    |              |              |              |              |              |              |              |
| Goods and Services Tax                        | 51.2         | 53.6         | 55.2         | 56.5         | 58.6         | 60.9         | 63.8         |
| Custom import duties                          | 5.6          | 6.1          | 6.8          | 7.2          | 7.6          | 8.0          | 8.3          |
| Other excise taxes/duties                     | 12.7         | 13.3         | 13.4         | 13.5         | 13.5         | 13.6         | 13.7         |
| <b>Total</b>                                  | <b>69.5</b>  | <b>73.0</b>  | <b>75.4</b>  | <b>77.2</b>  | <b>79.8</b>  | <b>82.5</b>  | <b>85.8</b>  |
| Other taxes                                   | 0.1          | 2.6          | 1.4          | 4.1          | 3.7          | 3.7          | 3.7          |
| Fuel charge proceeds                          | 10.6         | 13.0         | 15.2         | 17.2         | 19.3         | 21.1         | 22.9         |
| Employment insurance premium revenues         | 29.3         | 30.9         | 31.0         | 31.0         | 32.1         | 33.4         | 34.7         |
| <b>Other revenues</b>                         |              |              |              |              |              |              |              |
| Enterprise Crown corporations                 | 4.1          | 9.1          | 13.8         | 16.5         | 19.1         | 21.2         | 22.3         |
| Other programs                                | 28.9         | 30.8         | 30.7         | 30.7         | 31.5         | 32.5         | 33.5         |
| Net foreign exchange                          | 3.7          | 3.1          | 2.4          | 3.1          | 4.4          | 5.0          | 5.0          |
| <b>Total</b>                                  | <b>36.7</b>  | <b>42.9</b>  | <b>47.0</b>  | <b>50.2</b>  | <b>55.0</b>  | <b>58.7</b>  | <b>60.8</b>  |
| <b>Total budgetary revenues</b>               | <b>461.0</b> | <b>496.6</b> | <b>513.6</b> | <b>535.8</b> | <b>560.3</b> | <b>583.0</b> | <b>605.8</b> |
|   |              |              |              |              |              |              |              |
| <b>Per cent of GDP</b>                        |              |              |              |              |              |              |              |
| Total tax revenues                            | 13.3         | 13.6         | 13.5         | 13.6         | 13.6         | 13.5         | 13.5         |
| Proceeds from the pollution pricing framework | 0.4          | 0.4          | 0.5          | 0.5          | 0.6          | 0.6          | 0.6          |
| Employment Insurance premium revenues         | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Other revenues                                | 1.3          | 1.4          | 1.5          | 1.6          | 1.6          | 1.7          | 1.7          |
| <b>Total budgetary revenues</b>               | <b>15.9</b>  | <b>16.5</b>  | <b>16.5</b>  | <b>16.6</b>  | <b>16.7</b>  | <b>16.7</b>  | <b>16.7</b>  |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.



# Appendix D: Detailed expense outlook

| \$ billions   | Estimate     | Projection   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2023-2024    | 2024-2025    | 2025-2026    | 2026-2027    | 2027-2028    | 2028-2029    | 2029-2030    |
| <b>Major transfers to persons</b>                     |              |              |              |              |              |              |              |
| Elderly benefits                                      | 76.0         | 80.7         | 85.2         | 90.1         | 95.1         | 100.4        | 105.8        |
| Employment Insurance                                  | 23.0         | 26.0         | 27.1         | 27.5         | 28.6         | 29.8         | 30.7         |
| COVID-19 income support for workers                   | -4.8         | -0.2         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Children's benefits                                   | 26.3         | 28.5         | 29.5         | 30.2         | 30.8         | 31.4         | 32.1         |
| <b>Total</b>  | <b>120.5</b> | <b>135.0</b> | <b>141.7</b> | <b>147.8</b> | <b>154.5</b> | <b>161.6</b> | <b>168.7</b> |
| <b>Major transfers to other levels of government</b>  |              |              |              |              |              |              |              |
| Canada Health Transfer                                | 49.4         | 52.1         | 54.7         | 57.4         | 60.3         | 62.6         | 65.1         |
| Canada Social Transfer                                | 16.4         | 16.9         | 17.4         | 17.9         | 18.5         | 19.0         | 19.6         |
| Equalization  | 24.0         | 25.3         | 26.1         | 27.1         | 28.1         | 29.1         | 30.3         |
| Territorial Formula Financing                         | 4.8          | 5.2          | 5.4          | 5.6          | 5.9          | 6.1          | 6.4          |
| Health agreements with provinces and territories      | 4.3          | 4.3          | 4.3          | 4.3          | 3.1          | 2.5          | 2.5          |
| Canada-wide early learning and childcare              | 5.6          | 6.6          | 7.9          | 7.9          | 7.7          | 7.7          | 7.7          |
| Canada Community-Building Fund                        | 2.4          | 2.4          | 2.5          | 2.5          | 2.6          | 2.6          | 2.7          |
| Other transfers to government                         | -6.8         | -7.3         | -7.8         | -8.1         | -8.4         | -8.8         | -9.2         |
| <b>Total</b>  | <b>100.1</b> | <b>105.5</b> | <b>110.6</b> | <b>114.7</b> | <b>117.7</b> | <b>120.9</b> | <b>125.0</b> |
| Fuel charge proceeds returned                         | 10.1         | 15.3         | 15.6         | 17.7         | 19.4         | 21.3         | 23.1         |
| <b>Direct program expenses</b>                        |              |              |              |              |              |              |              |
| Other transfer payments                               | 91.1         | 103.4        | 103.9        | 106.2        | 109.7        | 112.5        | 114.7        |
| Operating and capital expenses                        | 131.0        | 126.8        | 125.2        | 122.7        | 126.4        | 128.8        | 133.3        |
| <b>Total</b>  | <b>222.1</b> | <b>230.2</b> | <b>229.1</b> | <b>228.9</b> | <b>236.1</b> | <b>241.3</b> | <b>247.9</b> |
| <b>Total program expenses</b>                         | <b>452.8</b> | <b>485.9</b> | <b>497.0</b> | <b>509.1</b> | <b>527.6</b> | <b>545.2</b> | <b>564.7</b> |
| Public debt charges                                   | 47.4         | 52.8         | 53.7         | 57.8         | 61.3         | 64.6         | 67.6         |
| <b>Total expenses, excluding net actuarial losses</b> | <b>500.2</b> | <b>538.7</b> | <b>550.8</b> | <b>566.9</b> | <b>589.0</b> | <b>609.8</b> | <b>632.3</b> |
| Net actuarial losses                                  | 7.6          | 4.2          | 1.8          | -1.2         | -0.2         | -2.9         | -4.0         |
|   |              |              |              |              |              |              |              |
| <b>Per cent of GDP</b>                                |              |              |              |              |              |              |              |
| Major transfers to persons                            | 4.2          | 4.5          | 4.6          | 4.6          | 4.6          | 4.6          | 4.7          |
| Major transfers to other levels of government         | 3.5          | 3.5          | 3.6          | 3.6          | 3.5          | 3.5          | 3.5          |
| Fuel charge proceeds returned                         | 0.3          | 0.5          | 0.5          | 0.5          | 0.6          | 0.6          | 0.6          |
| Direct program expenses                               | 7.7          | 7.7          | 7.4          | 7.1          | 7.0          | 6.9          | 6.8          |
| <b>Total program expenses</b>                         | <b>15.7</b>  | <b>16.2</b>  | <b>16.0</b>  | <b>15.8</b>  | <b>15.8</b>  | <b>15.7</b>  | <b>15.6</b>  |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

# Appendix E: Employment Insurance Operating Account

| \$ billions                         | Estimate    | Projection  |             |             |             |             |             |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                     | 2023-2024   | 2024-2025   | 2025-2026   | 2026-2027   | 2027-2028   | 2028-2029   | 2029-2030   |
| <b>Revenues</b>                     |             |             |             |             |             |             |             |
| Premium revenues                    | 29.3        | 30.9        | 31.0        | 31.0        | 32.1        | 33.4        | 34.7        |
| Contributions for federal employees | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         |
| <b>Total</b>                        | <b>29.9</b> | <b>31.4</b> | <b>31.5</b> | <b>31.6</b> | <b>32.6</b> | <b>33.9</b> | <b>35.3</b> |
| <b>Expenses</b>                     |             |             |             |             |             |             |             |
| Benefits                            | 23.0        | 26.0        | 27.1        | 27.5        | 28.6        | 29.8        | 30.7        |
| Administration expenses             | 2.9         | 2.9         | 2.8         | 2.8         | 2.8         | 2.6         | 2.2         |
| <b>Total</b>                        | <b>25.9</b> | <b>29.0</b> | <b>29.9</b> | <b>30.3</b> | <b>31.4</b> | <b>32.4</b> | <b>32.9</b> |

|   | 2023  | 2024  | 2025  | 2026  | 2027  | (...) | 2031 | 2032 |
|---|-------|-------|-------|-------|-------|-------|------|------|
| Annual balance                                    | 5.6   | 2.2   | 1.7   | 1.3   | 1.3   |       | 3.0  | 3.4  |
| Cumulative balance                                | -19.1 | -16.9 | -15.2 | -13.9 | -12.7 |       | -3.3 | 0.1  |
| Premium rate<br>(per \$100 of insurable earnings) | 1.63  | 1.66  | 1.64  | 1.59  | 1.58  |       | 1.58 | 1.58 |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding. The projection period covers 2024 to 2032.

## Appendix F: Direct program expenses

| \$ billions                          | Estimate     | Projection   |              |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | 2023-2024    | 2024-2025    | 2025-2026    | 2026-2027    | 2027-2028    | 2028-2029    | 2029-2030    |
| Other transfer payments              | 91.1         | 103.4        | 103.9        | 106.2        | 109.7        | 112.5        | 114.7        |
| <b>Operating expenses</b>            |              |              |              |              |              |              |              |
| Personnel expenses                   | 66.0         | 68.6         | 65.8         | 65.8         | 68.8         | 70.1         | 72.3         |
| Consolidated Crown corporations      | 8.9          | 9.4          | 9.8          | 8.9          | 8.9          | 9.2          | 9.6          |
| Other operating expenses             | 49.8         | 42.6         | 42.4         | 40.9         | 41.3         | 41.8         | 43.2         |
| <b>Total</b>                         | <b>124.7</b> | <b>120.6</b> | <b>118.0</b> | <b>115.6</b> | <b>119.0</b> | <b>121.1</b> | <b>125.1</b> |
| Capital amortization expenses        | 6.3          | 6.1          | 7.2          | 7.1          | 7.4          | 7.8          | 8.2          |
| Operating and capital expenses       | 131.0        | 126.8        | 125.2        | 122.7        | 126.4        | 128.8        | 133.3        |
| <b>Total direct program expenses</b> | <b>222.1</b> | <b>230.2</b> | <b>229.1</b> | <b>228.9</b> | <b>236.1</b> | <b>241.3</b> | <b>247.9</b> |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

# Appendix G: Federal debt outlook

| \$ billions unless otherwise indicated                                   | Estimate       | Projection     |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2023-2024      | 2024-2025      | 2025-2026      | 2026-2027      | 2027-2028      | 2028-2029      | 2029-2030      |
| <b>Interest-bearing debt</b>   |                |                |                |                |                |                |                |
| Market debt*   | 1,369.9        | 1,456.0        | 1,577.4        | 1,663.5        | 1,758.8        | 1,843.6        | 1,937.6        |
| Pensions and other future benefits                                       | 353.5          | 362.2          | 371.4          | 375.4          | 380.2          | 384.2          | 386.8          |
| Other liabilities  | 5.6            | 5.9            | 6.4            | 6.7            | 7.1            | 7.5            | 7.9            |
| <b>Total</b>   | <b>1,728.9</b> | <b>1,824.1</b> | <b>1,955.3</b> | <b>2,045.6</b> | <b>2,146.1</b> | <b>2,235.3</b> | <b>2,332.2</b> |
| Accounts payable and accrued liabilities                                 | 271.0          | 281.7          | 294.3          | 308.4          | 325.9          | 343.7          | 363.7          |
| Foreign exchange accounts liabilities                                    | 44.0           | 43.3           | 43.6           | 43.6           | 43.6           | 43.6           | 43.6           |
| Derivatives  | 3.1            | 3.5            | 3.4            | 3.4            | 3.4            | 3.4            | 3.4            |
| <b>Total liabilities</b>   | <b>2,046.9</b> | <b>2,152.7</b> | <b>2,296.5</b> | <b>2,401.0</b> | <b>2,519.0</b> | <b>2,626.0</b> | <b>2,742.9</b> |
| Financial assets   | 712.2          | 767.6          | 868.3          | 938.5          | 1,023.6        | 1,102.1        | 1,191.7        |
| Non-financial assets   | 113.6          | 117.7          | 121.8          | 126.1          | 130.6          | 135.2          | 140.0          |
| <b>Total assets</b>  | <b>825.9</b>   | <b>885.2</b>   | <b>990.1</b>   | <b>1,064.7</b> | <b>1,154.2</b> | <b>1,237.3</b> | <b>1,331.7</b> |
| <b>Federal debt (liabilities less assets)</b>                            | <b>1,221.1</b> | <b>1,267.4</b> | <b>1,306.4</b> | <b>1,336.4</b> | <b>1,364.8</b> | <b>1,388.6</b> | <b>1,411.2</b> |
| <b>Federal debt (% of GDP)</b>   | <b>42.2</b>    | <b>42.2</b>    | <b>42.0</b>    | <b>41.4</b>    | <b>40.8</b>    | <b>39.9</b>    | <b>39.0</b>    |
| Market debt: agent Crown corporations*                                   | 321.1          | 360.4          | 393.2          | 423.9          | 442.6          | 470.8          | 500.9          |
| <b>Borrowing requirements, as per the <i>Borrowing Authority Act</i></b> | <b>1,691.1</b> | <b>1,816.4</b> | <b>1,970.6</b> | <b>2,087.3</b> | <b>2,201.4</b> | <b>2,314.5</b> | <b>2,438.4</b> |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

\* Borrowing requirements under the *Borrowing Authority Act* pertain to the sum of Government of Canada and agent Crown corporation market debt. This number may slightly differ from what is reported in the Public Accounts, which incorporates an adjustment for amortized cost. Totals may not add due to rounding.



# Appendix H: Comparison to March 2024 outlook

| \$ billions  | Estimate    | Projection  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2023-2024   | 2024-2025   | 2025-2026   | 2026-2027   | 2027-2028   | 2028-2029   |
| <b>Income taxes</b>                                  |             |             |             |             |             |             |
| Personal income tax                                  | 3.1         | 6.2         | 4.3         | 1.9         | 0.1         | 0.2         |
| Corporate income tax                                 | 3.3         | 5.4         | 2.8         | 5.8         | 7.8         | 3.8         |
| Non-resident income tax                              | -0.2        | 0.2         | 0.0         | -0.1        | 0.0         | 0.0         |
| <b>Total</b>   | <b>6.3</b>  | <b>11.8</b> | <b>7.1</b>  | <b>7.6</b>  | <b>7.9</b>  | <b>3.9</b>  |
| <b>Excise taxes/duties</b>                           |             |             |             |             |             |             |
| Goods and Services Tax                               | -0.2        | 1.0         | 0.9         | -0.1        | -0.3        | -0.3        |
| Custom import duties                                 | 0.2         | 0.0         | 0.2         | 0.1         | 0.1         | 0.0         |
| Other excise taxes/duties                            | -0.1        | 0.0         | -0.1        | -0.3        | -0.4        | -0.6        |
| <b>Total</b>   | <b>0.0</b>  | <b>1.1</b>  | <b>1.0</b>  | <b>-0.3</b> | <b>-0.7</b> | <b>-0.9</b> |
| Other taxes  | -2.5        | 1.2         | 0.0         | 0.0         | 0.0         | 0.0         |
| Fuel charge proceeds                                 | -0.3        | -0.3        | 0.1         | 0.3         | 0.6         | 1.0         |
| Employment insurance premium revenues                | 0.4         | 0.6         | 0.6         | -0.2        | -0.3        | -0.2        |
| Other revenues                                       | -0.3        | -1.0        | 0.8         | 1.0         | 2.4         | 2.6         |
| <b>Total budgetary revenues</b>                      | <b>3.6</b>  | <b>13.4</b> | <b>9.7</b>  | <b>8.5</b>  | <b>9.8</b>  | <b>6.5</b>  |
| <b>Major transfers to persons</b>                    |             |             |             |             |             |             |
| Elderly benefits                                     | -0.2        | -0.2        | -0.4        | -0.3        | 0.1         | 0.7         |
| Employment Insurance                                 | 0.4         | 0.0         | 0.8         | 0.6         | 0.9         | 1.3         |
| COVID-19 income support for workers                  | -1.3        | -0.2        | 0.0         | 0.0         | 0.0         | 0.0         |
| Children's benefits                                  | 0.2         | 1.0         | 0.5         | 0.6         | 0.6         | 0.5         |
| <b>Total</b>   | <b>-0.9</b> | <b>0.6</b>  | <b>0.9</b>  | <b>0.9</b>  | <b>1.5</b>  | <b>2.5</b>  |
| <b>Major transfers to other levels of government</b> |             |             |             |             |             |             |
| Canada Health Transfer                               | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | -0.2        |
| Canada Social Transfer                               | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Equalization   | 0.0         | 0.0         | 0.1         | 0.1         | 0.0         | -0.1        |
| Territorial Formula Financing                        | 0.0         | 0.0         | -0.1        | -0.1        | -0.2        | -0.2        |
| Other transfers to government                        | 0.0         | 0.0         | -0.2        | -0.1        | 0.0         | 0.0         |
| <b>Total</b>   | <b>0.0</b>  | <b>0.0</b>  | <b>-0.2</b> | <b>-0.1</b> | <b>-0.2</b> | <b>-0.4</b> |
| Fuel charge proceeds returned                        | -1.6        | 1.5         | -0.1        | 0.2         | 0.3         | 1.0         |
| <b>Direct program expenses</b>                       |             |             |             |             |             |             |
| Other transfer payments                              | 1.2         | 12.3        | 11.1        | 11.2        | 10.9        | 10.1        |
| Operating and capital expenses                       | 4.1         | 2.4         | 1.8         | 1.2         | 0.6         | -1.3        |
| <b>Total</b>   | <b>5.3</b>  | <b>14.8</b> | <b>12.9</b> | <b>12.4</b> | <b>11.5</b> | <b>8.7</b>  |

|  |            |             |             |             |             |             |
|--|------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total program expenses</b>                        | <b>2.8</b> | <b>16.8</b> | <b>13.5</b> | <b>13.3</b> | <b>13.1</b> | <b>11.9</b> |
| Public debt charges                                  | 0.7        | 0.7         | 0.9         | 1.3         | 1.8         | 2.6         |
| <b>Total expenses</b>                                | <b>3.5</b> | <b>17.5</b> | <b>14.4</b> | <b>14.6</b> | <b>14.9</b> | <b>14.5</b> |
| <b>Budgetary balance before net actuarial losses</b> | <b>0.1</b> | <b>-4.1</b> | <b>-4.7</b> | <b>-6.1</b> | <b>-5.1</b> | <b>-8.0</b> |
| Net actuarial losses                                 | 0.0        | 1.4         | -1.3        | -1.2        | -1.1        | -1.1        |
| <b>Budgetary balance</b>                             | <b>0.1</b> | <b>-5.5</b> | <b>-3.4</b> | <b>-4.9</b> | <b>-4.0</b> | <b>-6.9</b> |
| <b>Federal debt</b>                                  | <b>0.3</b> | <b>5.9</b>  | <b>9.3</b>  | <b>14.2</b> | <b>18.2</b> | <b>25.1</b> |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

# Appendix I: Comparison to Budget 2024

| \$ billions  | Estimate    | Projection  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2023-2024   | 2024-2025   | 2025-2026   | 2026-2027   | 2027-2028   | 2028-2029   |
| <b>Income taxes</b>                                  |             |             |             |             |             |             |
| Personal income tax                                  | -2.7        | 0.8         | -0.7        | 0.3         | -1.7        | -2.3        |
| Corporate income tax                                 | -1.4        | -3.2        | -1.6        | 0.1         | -1.3        | -3.2        |
| Non-resident income tax                              | 0.0         | 0.1         | 0.1         | 0.3         | 0.5         | 0.4         |
| <b>Total</b>   | <b>-4.1</b> | <b>-2.3</b> | <b>-2.1</b> | <b>0.8</b>  | <b>-2.5</b> | <b>-5.1</b> |
| <b>Excise taxes/duties</b>                           |             |             |             |             |             |             |
| Goods and Services Tax                               | -0.3        | -0.5        | -0.1        | -0.3        | -0.2        | 0.1         |
| Custom import duties                                 | 0.0         | 0.2         | 0.7         | 0.7         | 0.8         | 0.9         |
| Other excise taxes/duties                            | -0.2        | -0.1        | -0.1        | -0.2        | -0.3        | -0.3        |
| <b>Total</b>   | <b>-0.5</b> | <b>-0.3</b> | <b>0.5</b>  | <b>0.2</b>  | <b>0.4</b>  | <b>0.7</b>  |
| Other taxes  | 0.0         | 0.2         | 0.4         | 0.4         | 0.8         | 0.6         |
| Fuel charge proceeds                                 | 0.2         | 0.3         | 0.3         | 0.5         | 0.4         | 0.4         |
| Employment insurance premium revenues                | 0.2         | 0.8         | 0.5         | -0.7        | -1.0        | -1.1        |
| Other revenues                                       | 0.1         | 0.1         | -0.5        | -1.2        | 0.9         | 1.3         |
| <b>Total budgetary revenues</b>                      | <b>-4.1</b> | <b>-1.2</b> | <b>-1.0</b> | <b>0.1</b>  | <b>-1.1</b> | <b>-3.3</b> |
| <b>Major transfers to persons</b>                    |             |             |             |             |             |             |
| Elderly benefits                                     | 0.1         | 0.1         | -0.1        | 0.1         | 0.2         | 0.5         |
| Employment Insurance                                 | 0.0         | -0.6        | -0.8        | -0.7        | -0.4        | -0.4        |
| COVID-19 income support for workers                  | -0.4        | -0.2        | 0.0         | 0.0         | 0.0         | 0.0         |
| Children's benefits                                  | 0.2         | 0.4         | 0.0         | -0.2        | -0.7        | -1.1        |
| <b>Total</b>   | <b>-0.1</b> | <b>-0.3</b> | <b>-0.9</b> | <b>-0.8</b> | <b>-0.8</b> | <b>-0.9</b> |
| <b>Major transfers to other levels of government</b> |             |             |             |             |             |             |
| Canada Health Transfer                               | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | -0.2        |
| Canada Social Transfer                               | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Equalization   | 0.0         | 0.0         | 0.0         | -0.1        | -0.2        | -0.3        |
| Territorial Formula Financing                        | 0.0         | 0.0         | 0.1         | 0.2         | 0.3         | 0.5         |
| Other transfers to government                        | -0.1        | -0.1        | -0.3        | -0.3        | -0.2        | -0.2        |
| <b>Total</b>   | <b>-0.1</b> | <b>0.0</b>  | <b>-0.2</b> | <b>-0.1</b> | <b>0.0</b>  | <b>-0.1</b> |
| Fuel charge proceeds returned                        | 0.2         | 0.4         | 0.3         | 0.5         | 0.4         | 0.4         |
| <b>Direct program expenses</b>                       |             |             |             |             |             |             |
| Other transfer payments                              | 2.4         | 1.7         | 0.0         | 0.4         | 0.0         | -0.3        |
| Operating and capital expenses                       | 0.1         | 3.7         | 1.4         | -0.4        | 1.9         | 1.7         |
| <b>Total</b>   | <b>2.5</b>  | <b>5.5</b>  | <b>1.5</b>  | <b>0.0</b>  | <b>1.9</b>  | <b>1.3</b>  |

|  |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total program expenses</b>                        | <b>2.5</b>  | <b>5.4</b>  | <b>0.7</b>  | <b>-0.5</b> | <b>1.3</b>  | <b>0.8</b>  |
| Public debt charges                                  | 0.2         | -1.3        | -1.2        | 0.8         | 0.4         | 0.3         |
| <b>Total expenses</b>                                | <b>2.7</b>  | <b>4.1</b>  | <b>-0.3</b> | <b>0.3</b>  | <b>1.8</b>  | <b>1.1</b>  |
| <b>Budgetary balance before net actuarial losses</b> | <b>-6.8</b> | <b>-5.3</b> | <b>-0.7</b> | <b>-0.2</b> | <b>-2.8</b> | <b>-4.3</b> |
| Net actuarial losses                                 | 0.0         | 1.1         | -0.6        | -1.1        | -1.2        | -0.5        |
| <b>Budgetary balance</b>                             | <b>-6.8</b> | <b>-6.6</b> | <b>-0.1</b> | <b>0.8</b>  | <b>-1.7</b> | <b>-3.8</b> |
| <b>Federal debt</b>                                  | <b>5.6</b>  | <b>12.1</b> | <b>12.3</b> | <b>11.5</b> | <b>13.1</b> | <b>16.9</b> |

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

# Notes

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<sup>1</sup> As measured by year-over-year changes in the consumer price index (CPI).

<sup>2</sup> Consistent with the Bank of Canada's estimates, we have revised up our assumption of the (nominal) neutral policy interest rate (by 25 basis points) to 2.75 per cent. Accordingly, the (nominal) steady-state levels of the 10-year government benchmark bond and long-term benchmark bond (30-year maximum) are now 3.50 and 3.75 per cent respectively, and the steady-state 3-month treasury bill rate is 2.70 per cent.

<sup>3</sup> These amounts include PBO cost estimates of measures detailed in Budget 2024 and off cycle measures. These measures are broadly in line with the Government's estimates.

<sup>4</sup> This is in accordance with new accounting standards for financial instruments that came into effect in 2022-23. See Note 3 of the [2022-23 Annual Financial Report of the Government of Canada](#) for further details.

<sup>5</sup> The upward revision to our outlook for personal income tax revenues largely reflects stronger household personal income. Corporate tax yields over the projection horizon are higher compared to their pre-pandemic levels and compared to our March 2024 projection. Previously, we anticipated that corporate tax yields will normalize over the medium-term to pre-pandemic levels. We have revised this assumption for corporations and assumed that the yields will decline slightly over the medium term but the strength in yields will persist at the higher observed level.

<sup>6</sup> For additional details on the approach used to construct confidence intervals for our economic and fiscal projections, see PBO's [Impact Assessment of Budget 2021 Measures](#).

As noted in our previous reports, a key limitation of the distributions of the fiscal indicators is that they reflect only "economic" uncertainty. They do not reflect uncertainty related to the translation of economic projections into fiscal projections; discretionary fiscal policy responses to different economic outcomes; or non-economic risks.

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