

May 7, 2026



# The Government's Expenditure Plan and the Main Estimates for 2026-27



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DE LA DIRECTRICE PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report examines the federal government's Expenditure Plan and Main Estimates for 2026-27, which supports the appropriation bill that seeks Parliament's approval of \$230.4 billion in budgetary authorities

**Lead analysts:**

Régine Cléophat, Analyst

Mark Creighton, Senior Analyst

**Prepared under the direction of:**

Govindadeva Bernier, Director

Prepared for publication by Nathalie Desmarais, Carol Faucher, Jean-Simon Robert-Ouimet and Rémy Vanherweghem.

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

**Annette Ryan**

**Parliamentary Budget Officer**

# Table of Contents

---

Highlights.....	1
Summary .....	2
Overview.....	3
Proposed Spending.....	4
Major Expenditures .....	6
Budget 2025.....	6
Federal Spending on Elderly Benefits.....	7
Federal Spending on Health .....	8
The Cost of Servicing Public Debt.....	9
Evidence of the Comprehensive Expenditure Review.....	12
Defence and Security Initiatives Central Vote .....	14
Note .....	15

# Highlights

---

The Main Estimates are enacted through an appropriation bill for the 2026-27 fiscal year, which require Parliament's approval for \$230.4 billion. Parliament has already provided legislative authority for most of the planned spending (\$272.4 billion) for the 2026-27 fiscal year through other pieces of legislation.

The Canada Health Transfer is set to increase by \$2.7 billion (5 per cent) to \$57.4 billion in 2026-27.

Federal spending on Elderly Benefits is set to increase by \$5.7 billion (6.9 per cent) to a total of \$88.8 billion in 2026-27. However, after the tabling of the Main Estimates, the government released its Spring Economic Update 2026, which now forecasts Elderly Benefits to cost 89.3 billion for 2026-27 (an increase of \$6.2 billion or 7.5 per cent).

The 2026-27 Main Estimates outline \$53.7 billion in forecasted statutory authorities related to servicing public debt, which represents a \$4.7 billion increase (9.5 per cent) from the 2025-26 Estimates to date for the preceding year.

These Main Estimates include \$14.7 billion in funding for Budget 2025 measures.

Initiatives related to Rebuilding, Rearming, and Reinvesting in the Canadian Armed Forces represent 71.1 per cent of Budget 2025 proposed spending in these Estimates, including \$9 billion to the Department of National Defence (DND) and \$675.3 million to the Communications Security Establishment Canada (CES).

# Summary

---

The Government's Main Estimates for 2026-27 outline \$502.8 billion in budgetary spending authorities. Voted authorities, which require approval by Parliament, total \$230.4 billion. Statutory authorities, for which the Government already has Parliament's permission to spend, total \$272.4 billion.

Consistent with previous Estimates, money transferred to other levels of government, individuals and other organizations account for most of the planned spending in these Main Estimates (\$300.5 billion, 59.8 per cent).

Notable areas of spending in these Main Estimates include:

- Elderly benefits (\$88.8 billion);
- The Canada Health Transfer (\$57.4 billion); and
- Public debt charges (\$53.7 billion).

In 2025 the Government shifted to a fall budgeting cycle.<sup>1</sup> It argued that this change would "improve transparency and facilitate the oversight of public expenditure for parliamentarians." The Government also argued that this change would support effective financial planning. These are the first Main Estimates tabled after this change, and consequently they reflect some of the measures announced in Budget 2025. Total authorities sought may still increase with the Supplementary Estimates that can be tabled later in the year.

These Estimates are also the first to reflect changes coming from the Comprehensive Expenditure Review, which seeks to decrease program expenditures by 7.5 per cent for 2026-27. At an aggregate level these Estimates have a decrease in operating expenditures of 6.3 per cent relative to requested authorities to date for 2025-26, however when the Canada Post Corporation is excluded from the calculation the total decrease in operating expenditures becomes 5.1 per cent across the government.<sup>2</sup>

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

# Overview

---

The Government may 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 up to 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>3</sup>

The 2026-27 Main Estimates seeks authority for most of the total spending anticipated in the given year.

Last year, the government transitioned to a fall budgeting cycle, tabling Budget 2025 in November instead of the spring. A stated goal of this transition was to improve transparency and facilitate oversight of public expenditure by parliamentarians, as well as to support effective financial planning. Given the change in budgeting cycle, amounts from the Main Estimates 2026-27 are compared to the estimates to date of 2025-26 (which include the Main Estimates, and Supplementary Estimates A, B and C) rather than compared to the amounts in the Main Estimates 2025-26.

# Proposed Spending

The Government's Expenditure Plan and Main Estimates for 2026-27 outline \$502.8 billion in budgetary spending authorities, as well as an overall increase of \$2.9 billion in the value of non-budgetary loans, investments and advances (Table 1). Of the budgetary total, \$230.4 billion relates to authorities to be voted on by Parliament.

**Table 1**

## The Government's Expenditure Plan, 2026-27: Total Authorities

Authorities (\$billions)	Budgetary	Non-budgetary
<b>Voted</b>	230.4	0.0
<b>Statutory</b>	272.4	2.9
<b>Total</b>	502.8	2.9

Source:

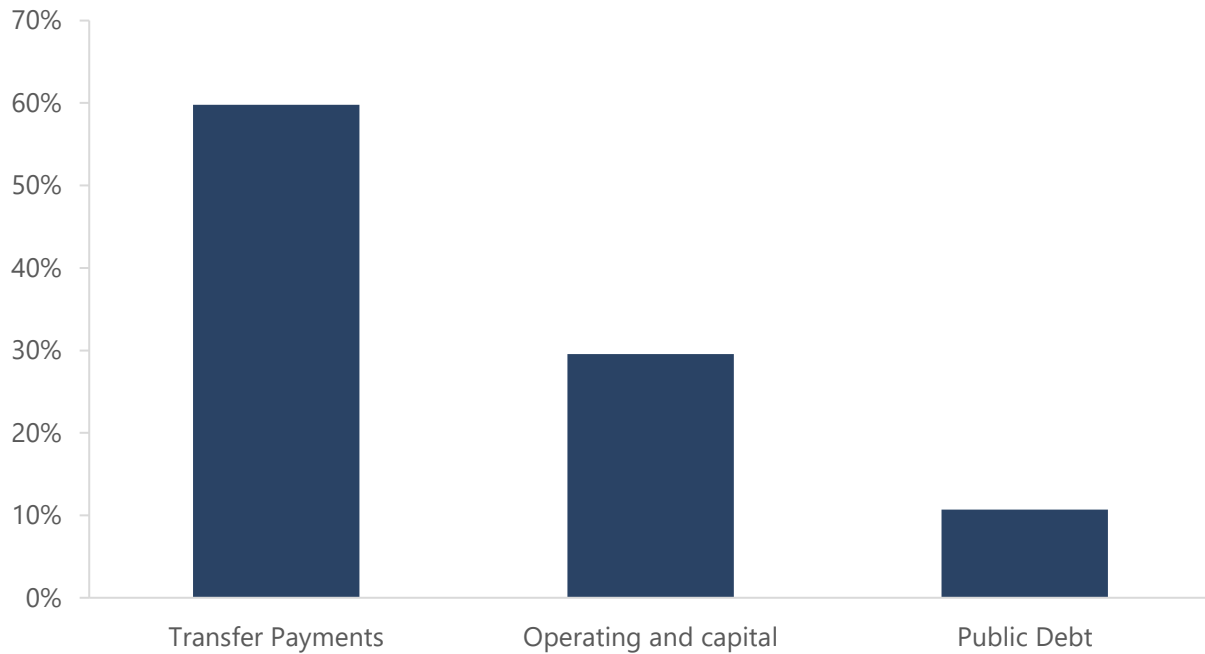
Treasury Board of Canada Secretariat, 2026-27 Main Estimates.

As a consequence of the transition to a fall budgeting cycle, these Main Estimates reflects \$14.7 billion in spending announced in Budget 2025, which would typically have appeared in Supplementary Estimates before the change. However, budgetary authorities sought may increase in the Supplementary Estimates, but the magnitude of these amounts compared to prior years may differ due to these changes.

These Main Estimates also reflect the decline in statutory authorities due to the end of consumer carbon pricing, as well as the final payments for the Canada Carbon Rebate for individuals, which has significantly decreased the Canada Revenue Agency's total planned expenditures.

As shown in Figure 1, transfer payments account for the largest portion of budgetary authorities in the 2026-27 Main Estimates, at 59.8 per cent (\$300.5 billion). These include payments made to other levels of government, individuals, and other organizations. Budgetary authorities for operating and capital represent 29.5 per cent (\$148.6 billion), while public debt charges amount to 10.7 per cent (\$53.7 billion).

**Figure 1**  
Composition of budgetary authorities



Source:  
Treasury Board of Canada Secretariat, 2026-27 Main Estimates.

In comparison to the 2025-26 Estimates to date, total budgetary authorities have decreased by \$7.9 billion (1.5 per cent) in the 2026-27 Main Estimates. Following the changes to the budgeting cycle it is uncertain if this decrease will be maintained over the course of the fiscal year, or if it will be offset by future funding needs that are not included in these Main Estimates and will subsequently be found in the Supplementary Estimates.

# Major Expenditures

---

## Budget 2025

---

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 associated appropriation bill.

To track the implementation of Budget 2025 measures, PBO identified 87 new initiatives, of which 61 have forecast spending in 2026-27. They were then matched with items included in the Main Estimates, 2026-27.

These Estimates include \$14.1 billion for 29 Budget 2025 measures, which represent 6.1 percent of total voted authorities. Including statutory items for employee benefit plans, sought authorities for Budget 2025 measures total \$14.7 billion. In turn, these amount to approximately 72 percent of Budget 2025 expenditures to be listed in the Estimates in 2026-27.

Initiatives related to Rebuilding, Rearming, and Reinvesting in the Canadian Armed Forces represent 71.1 per cent of Budget 2025 proposed spending in these Estimates, including \$9 billion to the Department of National Defence (DND) and \$675.3 million to the Communications Security Establishment Canada (CES).

Aside from budgetary measures related to national defence, some of Budget 2025's larger items include:

- \$798.6 million for Helping Youth Find and Keep Jobs,
- \$774.1 million for Strengthening First Nations Infrastructure Financing and Access to Clean Water,
- \$686.7 million for A New Trade Infrastructure Strategy.

Employment and Social Development Canada (ESDC), Indigenous Services Canada (ISC) and Transport Canada (TC), respectively, account for most of the proposed spending associated with these budgetary measures.

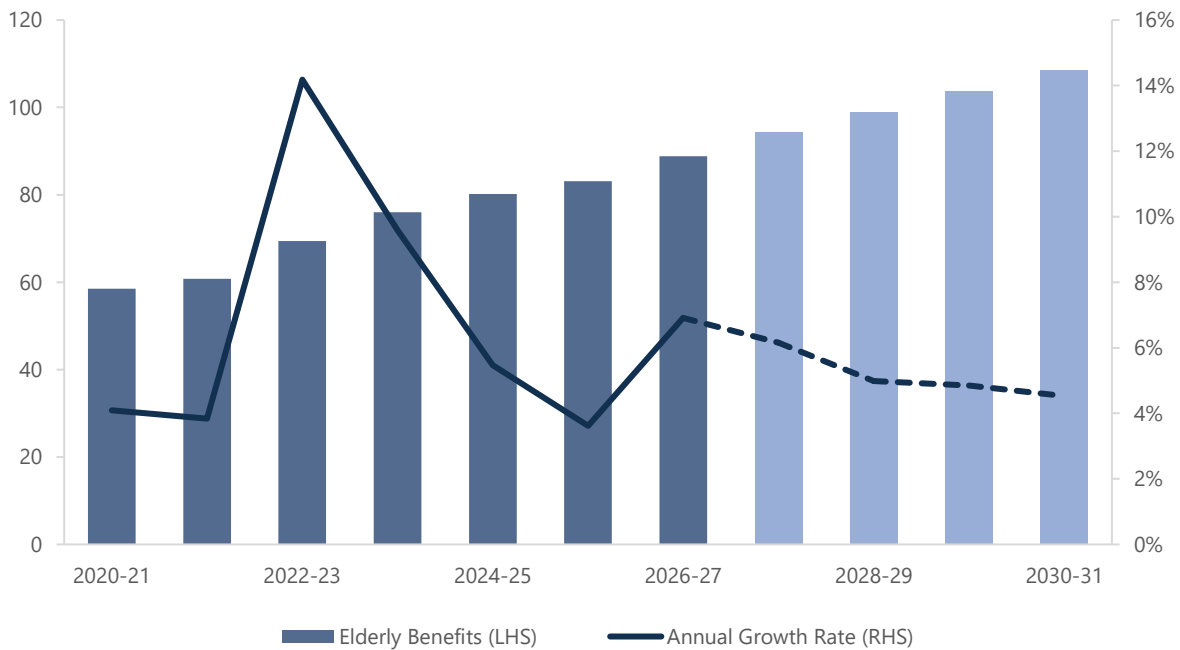
# Federal Spending on Elderly Benefits

As the Canadian population ages, there will also be an increase in the eligibility for Elderly Benefits. Old Age Security (OAS) is currently the largest federal program – responsible for approximately one in every six dollars of federal spending. OAS provides a monthly pension payment to most seniors who are over 65 and meet the eligibility requirements.

In addition, the program can provide other benefits for low-income pensioners, such as the Guaranteed Income Supplement (GIS) and Allowance Payments.

Federal spending on Elderly Benefits is set to increase by \$5.7 billion (6.9 per cent) to a total of \$88.8 billion in the Main Estimates 2026-27. However, after the tabling of the Main Estimates, the government released its Spring Economic Update 2026, which now forecasts Elderly Benefits to cost 89.3 billion for 2026-27, an increase of \$6.2 billion or 7.5 per cent (Figure 2). The government projects that by 2030-31, federal spending on Elderly Benefits will reach \$108.5 billion. This is a driven by a combination of a larger number of seniors and inflation (to which the benefits are indexed).

**Figure 2**  
Elderly Benefits (\$ billions)



Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2026-27 Main Estimates; Department of Finance Canada, Spring Economic Update – April 2026.

Note:

Figures prior to 2025-26 are actuals. Figures for 2025-26 and 2026-27 are estimates. Figures for 2027-28 and later are Finance Canada projections.

## Federal Spending on Health

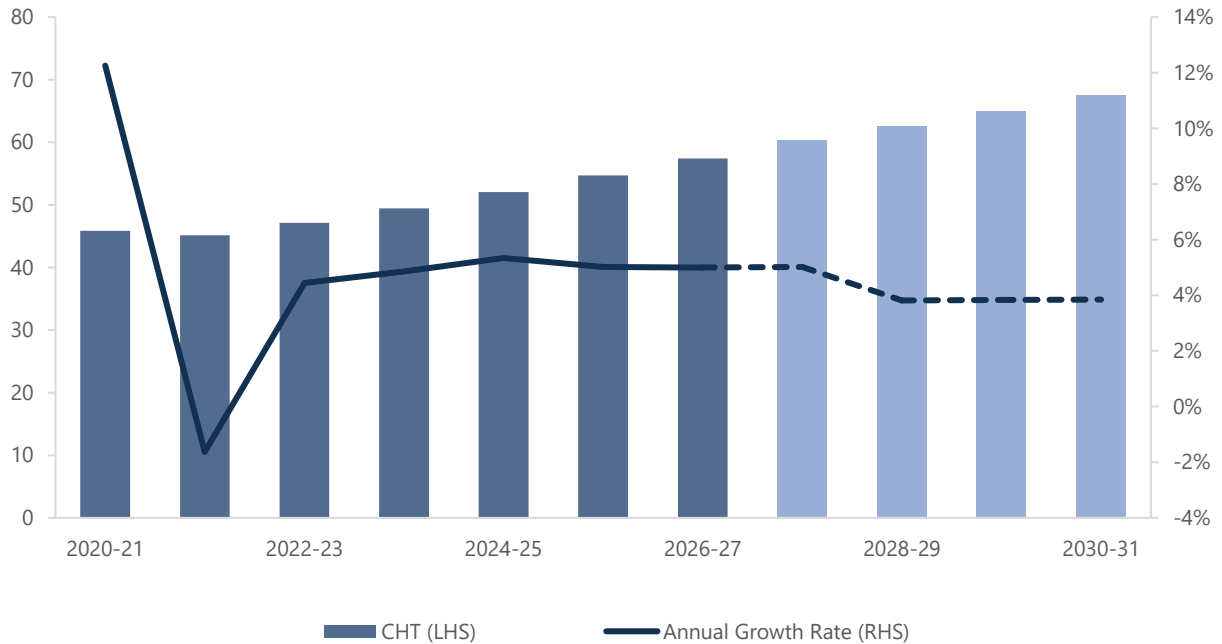
---

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

The CHT is calculated to automatically grow in line with the three-year moving average of nominal GDP growth, with a minimum annual growth rate set at 3 per cent. As a consequence of the Working Together to Improve Health Care for Canadians Plan, the federal government has guaranteed 5 per cent annual growth to the CHT until 2027-28.<sup>4</sup> The CHT is also allocated to all provinces and territories on an equal per capita basis.<sup>5</sup>

The CHT is set to increase by \$2.7 billion (5 per cent) to \$57.4 billion in 2026-27. The government projects that by 2030-31, the CHT will reach \$67.5 billion.

**Figure 3**  
Canada Health Transfer (\$ billions)



Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2026-27 Main Estimates; Department of Finance Canada, Spring Economic Update – April 2026.

Note:

Figures prior to 2025-26 are actuals. Figures for 2025-26 and 2026-27 are preliminary. Figures for 2027-28 and later are Finance Canada projections.

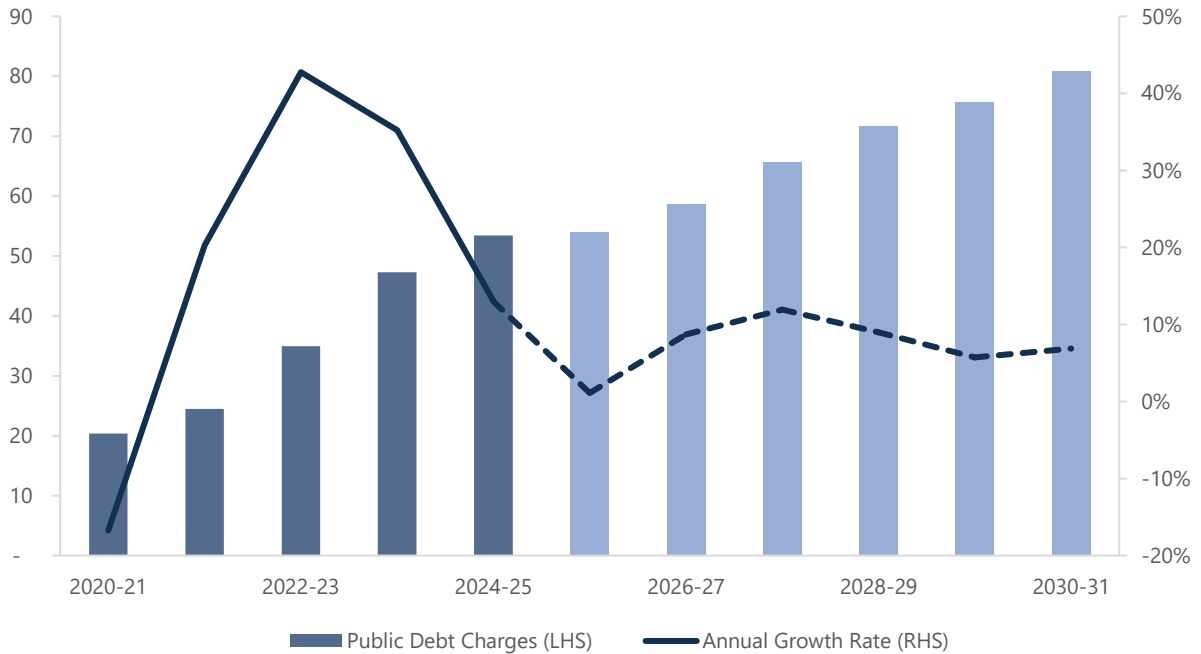
## The Cost of Servicing Public Debt

The 2026-27 Main Estimates outline \$53.7 billion in forecasted statutory authorities related to servicing public debt. This includes \$48.6 billion for interest on unmatured debt and \$5.1 billion for other interest costs. This represents a \$4.7 billion increase (9.7 per cent) from the 2025-26 Estimates to date.

Public debt charges have increased significantly over the last three years due to a substantial increase in the stock of public debt over the course of the pandemic combined with subsequent higher effective interest rates. Post 2027-28, the effective interest rate is expected to stabilize, however the government projects that the annual growth rate in public debt is expected to average 8.3 per cent per year between 2026-27

and 2030-31. The government projects that public debt charges will reach \$80.9 billion by 2030-31 (Figure 4).

**Figure 4**  
Public debt charges (\$ billions)



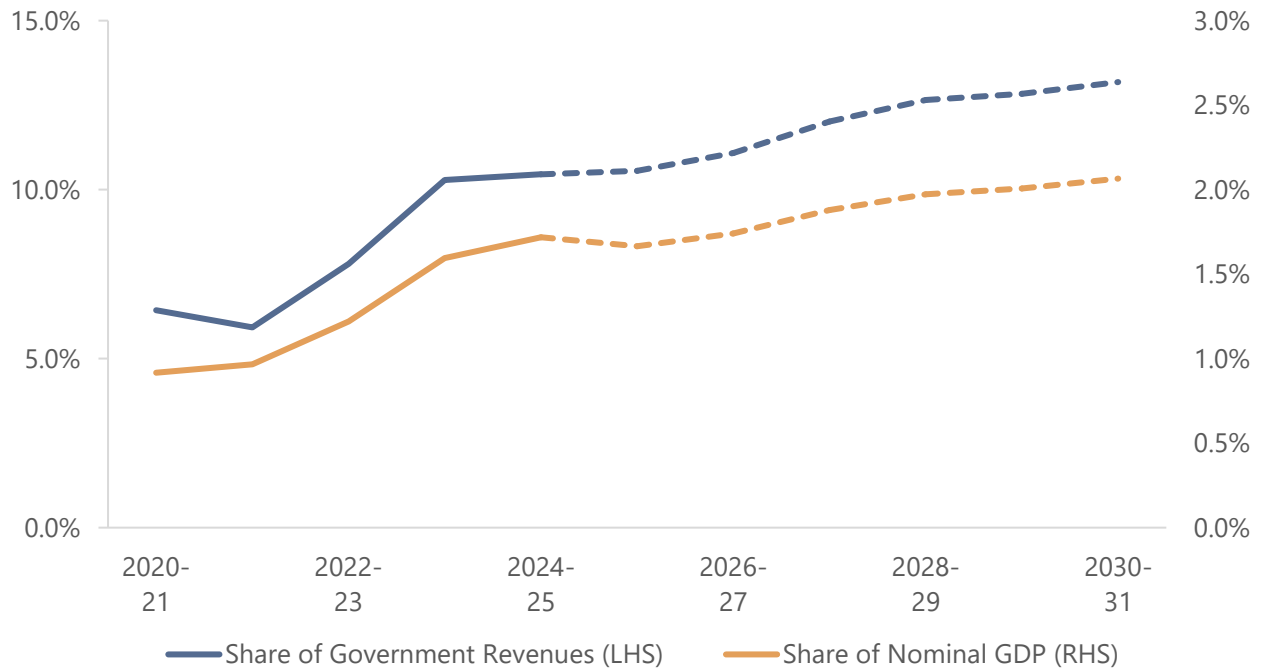
Source:  
Receiver General of Canada, Public Accounts of Canada; Department of Finance Canada, Spring Economic Update – April 2026.

Note:  
Figures prior to 2025-26 are actual expenses. Figures for 2025-26 and later are Finance Canada expense projections.

PBO anticipates that public debt charges will continue to increase both as a share of government revenues and as a share of nominal GDP (figure 5). Between 2024-25 and 2030-31 public debt charges as a share of revenues are expected to increase from 10.5 to 13.2 per cent, and as a share of GDP from 1.7 per cent to 2.1 per cent.

### Figure 5

Public debt charges as a share of government revenues, and nominal GDP



Source:

Receiver General of Canada, Public Accounts of Canada; Department of Finance Canada, Spring Economic Update – April 2026.

Note:

Figures prior to 2025-26 are actuals. Figures for 2025-26 and later are PBO calculations based on Finance Canada expense, revenue and nominal GDP projections.

# Evidence of the Comprehensive Expenditure Review

---

The Comprehensive Expenditure Review (CER) was initiated on July 7, 2025. In Budget 2025 the government structured savings around three themes: modernizing government operations, streamlining program delivery, and recalibrating federal programs.

For 2026-27 the Government stated its intent to decrease direct program expenditures by 7.5 per cent. Operating expenditures are a component of program expenditures. Operating expenditures have decreased by \$9.9 billion, or 6.3 per cent, when comparing authorities requested across the Main Estimates and all Supplementary Estimates for 2025-26 to the Main Estimates for 2026-27. Supplementary Estimates may be tabled over the course of 2026-27, adding to the Main Estimates 2026-27's requested authorities. However, when the government transitioned to a fall budgeting cycle one of its stated goals was to support effective financial planning by having the budget be released before the Main Estimates. Consequently, historic values for the Supplementary Estimates may not be informative in determining how large they may be this fiscal year.

Table 2 presents the five organizations with the largest decreases in operating expenditures (Main Estimates 2026-27 vs estimates to date in 2025-26) while Table 3 presents the five organizations with the largest increases. Of note, most of the decrease for the Department of Fisheries and Oceans is attributable to the transfer of the Canadian Coast Guard into the Defence portfolio. Likewise, while Budget 2025 contains major investments in defence, a notable portion of the increase in operating budget for the Department of National Defence stems from the inclusion of the Canadian Coast Guard.

The Canada Post Corporation is a crown corporation and therefore does not usually appropriate its operating spending through the estimates process. In recent years, it would typically only request \$22 million in the Main Estimates through vote 1 for expenditures under standard object "Other subsidies and payments". However, in 2025-26 it requested an additional \$2 billion to cover its financial losses (as provided for under section 31 of the *Canada Post Corporation Act*). This entirely explains the difference in Table 2. Excluding the Canada Post Corporation, the decrease in operating expenditures is \$7.8 billion, or 5.1 per cent.

An important caveat to these results is that they reflect all changes in requested authorities for operating expenditures, not just those coming from CER. For a more granular decomposition the Departmental Plans must be used.

## Table 2

Departments with largest decreases in operating expenditures in Main Estimates 2026-27 compared to estimates to date 2025-26

Department	Change in operating exp. (\$ millions)	Change in operating exp. (per cent)
Department of Fisheries and Oceans	-2,543	-66.1
Canada Post Corporation	-2,042	-98.9
Department of Health	-1,398	-22.1
Department of Crown-Indigenous Relations and Northern Affairs	-1,157	-21.8
Department of Citizenship and Immigration	-1,054	-28.4

Source:

Treasury Board of Canada Secretariat, *2025-26 Estimates*, and *2026-27 Main Estimates*. PBO calculations

## Table 3

Departments with largest increases in operating expenditures in Main Estimates 2026-27 compared to estimates to date 2025-26

Department	Change in operating exp. (\$ millions)	Change in operating exp. (per cent)
Department of National Defence	3,765	12.3
Communications Security Establishment	377	22.3
Statistics Canada	229	24.4
Via Rail Canada Inc.	175	17.9
Windsor-Detroit Bridge Authority	116	108.6

Source:

Treasury Board of Canada Secretariat, *2025-26 Estimates*, and *2026-27 Main Estimates*. PBO calculations

# Defence and Security Initiatives

## Central Vote

---

Central votes are voted authorities administered by the Treasury Board of Canada Secretariat (TBS). Subject to TBS scrutiny and approval, they are used to supplement other appropriations through transfers to departments; unallocated funds lapse at the end of the fiscal year.

In these Estimates, TBS seeks \$1 billion for the Defence and Security Initiatives central vote (TB Vote 50) which provides relevant departments the flexibility for unforeseen expenditures related to national defence or national security.<sup>6</sup> TB vote 50 does not constitute incremental spending within the fiscal framework, it instead allows the government to advance planned expenditures that have already been accounted for. According to its vote wording, temporary allocations from this central vote must be repaid to TBS once Parliament approves supply through subsequent Estimates. However, allocations resulting from an off-cycle budgetary measure are permanent and must be reflected in the fiscal framework as new spending. In the TBS 2026-2027 Departmental Plan, TB Vote 50 is a time-limited initiative – it is scheduled to sunset at the end of the 2027-28 fiscal year.

Defence spending enabled through TB Vote 50 contrasts with spending funded through departmental votes. The latter provide more granularity to parliamentarians for ex-ante scrutiny, as specific amounts for discrete purposes are associated with the voted authorities being requested. With central votes, the specific purpose of spending is determined after Parliament has approved broad spending authorities for TBS through the Estimates.

While TB Vote 50 may be useful in expediting expenditures for national defence, at a time where it is becoming a core element of federal spending, the lack of detail on the expenditures may pose a challenge for parliamentarians in tracking defence-related expenditures, negatively impacting transparency. PBO will continue to monitor the use of central vote 50.

# Note

---

<sup>1</sup> [Modernizing Canada's Budgeting Approach](#)

<sup>2</sup> PBO estimates operating expenditures as the sum of personnel, transportation and communications, information, professional services and special, rentals, purchased repair and maintenance, utilities materials and supplies, and other subsidies and payments (standard objects 1, 2, 3, 4, 5, 6, 7, and 12, respectively).

<sup>3</sup> [Old Age Security Act](#).

<sup>4</sup> [Federal government announces transfer of more than \\$100 billion to provinces and territories](#)

<sup>5</sup> Department of Finance Canada. [Canada Health Transfer](#).

<sup>6</sup> Treasury Board of Canada Secretariat. [Treasury Board of Canada Secretariat 2026-27 Departmental Plan](#).

