



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

# Cost Estimate of Election Campaign Proposal

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Short Title: Fiscal Stabilization Program modifications

Description: The proposal modifies parameters of the Fiscal Stabilization Program (FSP) by removing the per person payment cap, lowering the non-resource revenue decline threshold from 5% to 3%, lowering the resource revenue decline threshold from 50% to 40% and making these changes to the program retroactive to 2015-2016.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		9,720	-	-	-	-	9,720

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: This cost estimate is based on the PBO model and data sources used in previous FSP costings. FSP payments under the modified program were subtracted from payments made since 2015-2016 and estimated payments in 2020-2021 under the existing program. Based on the EPC baseline, no FSP payments were projected beyond 2020-2021. PBO assumed that the loan portion of the FSP program would not be utilized in 2020-2021. All retroactive payments were assumed to be made in 2021-2022.

Source of Uncertainty: The main sources of uncertainty relate to estimates of provincial revenues in 2020-2021 and adjustments made to account for provincial policy changes.

Data Sources:	Variable	Source
	Nominal GDP and population	Statistics Canada and PBO EPC baseline
	Provincial government revenue projections	Provincial budgets
	Historical provincial government revenues, Provincial PIT and CIT bases	Fiscal Arrangements Certificates, Statistics Canada, Finance Canada
	Historical Equalization payments	Statistics Canada