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Economic and Fiscal Outlook

March 2025



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

There is considerable uncertainty regarding breadth, depth, and duration of a potential global trade conflict. As such, this Economic and Fiscal Outlook does not include threatened U.S. tariffs and retaliatory measures from Canada and other countries. However, PBO has prepared a scenario for parliamentarians' consideration.

PBO projects the Canadian economy to grow by 1.7 per cent in 2025, as uncertainty and slowing population growth weigh on business investment and consumer spending.

With ongoing excess supply in the economy, consumer price index (CPI) inflation is expected to remain near target. PBO anticipates the Bank of Canada will reduce its policy rate by another 25 basis points to reach its estimated neutral level of 2.75 per cent in the second quarter of 2025.

PBO projects the budgetary deficit to fall to \$50.1 billion (1.6 per cent of the gross domestic product or GDP) in 2024-25 from the \$61.9 billion (2.1 per cent of GDP) deficit recorded in 2023-24. Assuming no new measures are introduced, and existing temporary measures sunset as scheduled, the deficit is projected to resume its downward trajectory, falling to \$24.6 billion (0.7 per cent of GDP) in 2029-30.

PBO projects the federal debt-to-GDP ratio to fall slightly from its 2023-24 level of 42.1 per cent, reaching 41.9 per cent in 2024-25 and 41.6 per cent in 2025-26. Assuming no new measures and existing temporary measures sunset as scheduled, the federal debt ratio is projected to fall to 39.2 per cent in 2029-30 but remain 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) will rise to 10.8 per cent in 2024-25 from 10.3 per cent in 2023-24. PBO projects the debt service ratio to increase further, reaching 11.3 per cent in 2029-30—well above its pre-pandemic record low of 7.0 per cent in 2018-19.

Summary

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 February 14 and new measures announced by the Government in the 2024 Fall Economic Update.

Given the evolving uncertainty around trade actions, our baseline projection does not include threatened U.S. tariffs but does account for heightened economic uncertainty. Recognizing the potential impact of a trade conflict with the U.S. on the Canadian economy, our risk assessment includes impact estimates derived from an illustrative trade conflict scenario to help parliamentarians understand the economic implications of potential U.S. tariffs and Canadian retaliation.

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

After slowing in the third quarter, recent data suggest that the Canadian economy advanced by 1.8 per cent (annualized) in the fourth quarter of 2024, driven by steady household consumption and a pickup in residential investment.¹ We estimate that real GDP (gross domestic product) advanced by 1.3 per cent in 2024 (Table 1).

Since October 2024, our outlook for real GDP growth in 2025 and 2026 has been revised downward by 0.5 percentage points, primarily due to weaker population growth following new federal immigration policies.² Additionally, even in the absence of new tariffs, rising uncertainty surrounding trade actions is expected to weigh on consumer and business spending. However, we anticipate that lower interest rates will help sustain economic activity as the effects of previous rate cuts continue to work through the economy. Overall, we expect economic growth to outpace growth in potential output, gradually reducing the economic slack over the projection horizon.

In the second half of 2024, the labour market softened with the unemployment rate rising to 6.7 per cent in the last quarter of the year. As population growth slows, PBO expects the employment rate to increase, resulting in a declining unemployment rate that eases to 5.5 per cent by the end of our projection horizon.

Table 1

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

	2023	2024	2025	2026	2027-2029
Real GDP growth	1.5	1.3	1.7	1.5	1.8
Unemployment rate	5.7	6.7	6.3	5.9	5.5
WTI oil price (\$US)	78	77	71	69	72
CPI inflation	3.9	2.4	2.3	1.9	1.8
Bank of Canada policy rate	5.00	3.25	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.

Inflation returned to its 2 per cent target in late 2024.³ The Government's temporary HST/GST holiday helped reduce inflation between December 2024 and February 2025. Its expiration will lead to a slight uptick in the second quarter of 2025. However, with the economy currently operating below its productive capacity, inflation should remain stable, averaging 1.8 per cent between 2026 and 2029.

Given our outlook for inflation and the output gap, we expect the Bank of Canada to lower its policy rate by a further 25 basis points in the second quarter of 2025 to reach its estimated neutral level of 2.75 per cent.

Compared to our [October 2024 EFO](#), accounting for historical restatements our outlook for nominal GDP—the broadest measure of the government's tax base—is now higher. Overall, the level of nominal GDP is projected to be about \$2 billion higher annually, on average, over 2024 to 2029 compared to our October 2024 outlook.

Fiscal outlook

PBO prepared its October 2024 EFO prior to the tabling of the Public Accounts of Canada 2024.⁴ The final audited results for 2023-24 reflect a deficit of \$61.9 billion (2.1 per cent of GDP), significantly higher than our estimate for 2023-24 of \$46.8 billion

(1.6 per cent of GDP) in October.⁵ As noted in our Fall Economic Statement Issues report, this principally reflects higher-than-anticipated contingent liabilities.

Our status quo outlook includes new measures announced in the 2024 Fall Economic Statement. These amount to \$20.6 billion in net new spending over 2024-25 to 2029-30.⁶

For the current fiscal year, 2024-25, we expect the deficit to decline to \$50.1 billion (1.6 per cent of GDP). This is principally due to higher revenue growth, offset by higher expenses (Table 2).

In 2025-26, assuming no new measures are introduced and existing temporary measures sunset as scheduled, the deficit is projected to resume its downward trajectory. We estimate it will fall to \$24.6 billion (0.7 per cent of GDP) in 2029-30, as revenues grow *faster* than nominal GDP but expenses generally track economic growth.

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
Revenues	459.5	499.0	520.7	542.3	567.7	589.1	613.9
Program expenses	466.7	491.4	504.0	513.9	534.4	551.9	572.0
Public debt charges	47.3	53.8	54.5	59.3	62.8	66.4	69.6
Actuarial losses	7.5	4.0	4.3	0.9	1.9	-2.2	-3.1
Expenses	521.4	549.1	562.8	574.1	599.1	616.1	638.5
Budgetary balance	-61.9	-50.1	-42.0	-31.8	-31.4	-27.0	-24.6
Federal debt	1,236.2	1,282.3	1,324.4	1,356.1	1,387.6	1,414.6	1,439.2
Budgetary balance, % of GDP	-2.1	-1.6	-1.3	-1.0	-0.9	-0.8	-0.7
Federal debt, % of GDP	42.1	41.9	41.6	41.3	40.8	40.1	39.2

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

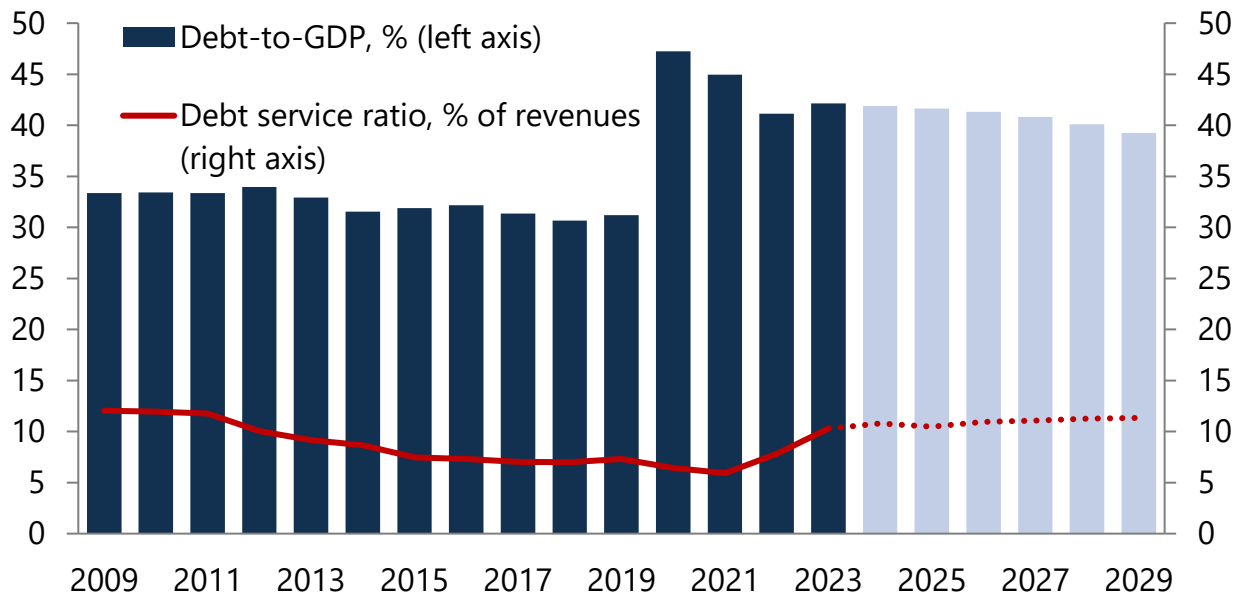
Note:

The projected level of federal debt for 2024-25 includes the \$3.9 billion in net remeasurement gains reported in the [November 2024 Fiscal Monitor](#).⁷ 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 10.8 per cent in 2024-25 from 10.3 per cent in 2023-24 (Figure 1). The debt service ratio is projected to further increase and reach 11.3 per cent in 2029-30, well above its pre-pandemic record low of 7.0 per cent in 2018-19.

In 2024-25, we expect the federal debt-to-GDP ratio to fall to 41.9 per cent and continue to gradually decline to 39.2 per cent by 2029-30, remaining well above its pre-pandemic level of 31.2 per cent of GDP. The federal debt-to-GDP ratio is projected to be roughly the same, on average, over 2024-25 to 2029-30 compared to our October 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 (2024 corresponds to fiscal year 2024-25). The projection period covers fiscal years 2024-25 to 2029-30.

Compared to our October 2024 outlook, we project budgetary deficits that are \$2.8 billion higher, on average, over 2024-25 to 2029-30. This increase is largely due to new measures announced by the Government that reduce our revenue projection and boost our program expense projection (Table 3).⁸

Table 3

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

	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030
Budgetary balance – October 2024 EFO	-46.8	-46.4	-39.0	-30.0	-28.5	-23.8	-22.5
Additional measures	0.0	-4.2	-4.5	-2.9	-0.7	-4.4	-3.9
Economic and other fiscal developments	-15.1	0.5	1.4	1.1	-2.2	1.2	1.9
Budgetary balance – March 2025 EFO	-61.9	-50.1	-42.0	-31.8	-31.4	-27.0	-24.6

Source:

Office of the Parliamentary Budget Officer.

Note:

Additional measures include those announced in Fall Economic Statement 2024. The projection period covers fiscal years 2024-25 to 2029-30. Totals may not add 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). Excluding risks related to the imposition of threatened U.S. tariffs and retaliatory measures, we judge that the risks to our baseline economic and fiscal projections are roughly balanced.

Key Downside risk

Heightened trade uncertainty could weigh more heavily on business investment and household spending than anticipated. If businesses delay expansion plans and households pull back on discretionary spending, economic activity could slow more than expected, leading to weaker job growth and lower overall demand.

Key Upside risk

On the other hand, if interest rates fall further or population growth is higher than projected, household consumption and residential investment could exceed expectations. A stronger-than-expected housing market—fueled by lower borrowing

costs—could support economic momentum, while higher population growth could boost consumer demand.

Ripple effects: Assessing the impact of new U.S. tariffs on the Canadian economy

To illustrate the potential impact of global trade actions on our economic and fiscal outlook, we have simulated a downside scenario based on the following policy assumptions:

- The United States imposes permanent 25 per cent tariffs on non-energy goods imports from Canada.⁹ Canadian energy exports to the United States will face a 10 per cent tariff.
- The United States imposes permanent 25 per cent tariffs on imports from Mexico, 10 per cent tariffs on imports from China, and an additional 25 per cent tariff on steel and aluminum imports from other trading partners.
- Canada, Mexico and China retaliate by imposing permanent reciprocal tariffs on goods imports from the United States.
- Tariff revenue is recycled back into the economy via transfers to households and government spending.¹⁰

We used the Global Trade Analysis Project (GTAP) database and computable general equilibrium model as well as our macroeconomic model to estimate the impact of these trade actions on Canada's real GDP. **Our modelling suggests that these policies would permanently reduce Canada's real GDP by about 2 per cent over the medium-term relative to a control scenario in which no tariffs are imposed.** There is considerable uncertainty around the potential impacts of tariffs, particularly in the short term.¹¹ The impact could also be higher or lower depending on the eventual severity of the trade actions and Canada's response.

Appendix A: Detailed economic outlook

% unless otherwise indicated	Projection						
	2023	2024	2025	2026	2027	2028	2029
Real GDP growth							
March 2025	1.5	1.3	1.7	1.5	1.7	1.9	1.9
October 2024	1.2	1.1	2.2	2.0	1.9	1.9	1.9
Potential GDP growth							
March 2025	2.3	3.0	1.8	0.9	1.0	1.6	1.8
October 2024	1.9	2.7	2.0	1.2	1.5	1.9	1.9
GDP inflation							
March 2025	1.4	3.0	2.2	1.7	1.9	1.9	2.0
October 2024	1.5	2.8	1.3	1.6	1.9	2.0	2.0
Nominal GDP growth							
March 2025	2.9	4.3	3.9	3.2	3.5	3.8	3.9
October 2024	2.8	3.9	3.5	3.7	3.8	3.9	4.0
Nominal GDP (\$ billions)							
March 2025	2,934	3,061	3,181	3,282	3,398	3,529	3,667
October 2024	2,934	3,054	3,160	3,276	3,402	3,536	3,678
3-month treasury rate							
March 2025	5.1	3.4	2.7	2.7	2.7	2.7	2.7
October 2024	5.1	3.7	2.7	2.7	2.7	2.7	2.7
10-year government bond rate							
March 2025	3.6	3.3	3.5	3.5	3.5	3.5	3.5
October 2024	3.6	3.3	3.5	3.5	3.5	3.5	3.5
Exchange rate (US\$/C\$)							
March 2025	74.1	73.0	71.4	74.3	77.2	79.1	80.0
October 2024	74.1	73.7	75.8	77.9	79.1	79.6	79.9
Unemployment rate							
March 2025	5.7	6.7	6.3	5.9	5.7	5.6	5.5
October 2024	5.8	6.7	6.2	5.9	5.7	5.6	5.6
CPI inflation							
March 2025	3.9	2.4	2.3	1.9	1.8	1.8	1.9
October 2024	3.9	2.3	1.7	1.9	1.9	2.0	2.0
U.S. real GDP growth							
March 2025	2.9	2.8	2.4	2.0	1.9	1.8	1.8
October 2024	2.9	2.6	1.9	1.8	1.8	1.8	1.8
WTI oil price (\$US)							
March 2025	78	77	71	69	70	72	73
October 2024	78	77	69	70	72	73	74

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
Expenditure share							
Final household consumption	53.6	53.8	54.0	54.4	54.6	55.1	55.6
Non-profit institutions serving households	1.6	1.6	1.7	1.7	1.7	1.7	1.8
Government consumption expenditure	21.0	21.6	21.7	21.5	21.4	21.2	21.1
Government investment	3.7	3.9	3.9	4.0	3.9	3.9	3.9
Residential investment	7.7	7.5	7.3	7.1	7.1	7.3	7.5
Business investment	11.3	11.1	11.5	11.8	11.9	11.8	11.7
Inventory investment	1.0	0.7	0.4	0.4	0.3	0.3	0.2
Exports of goods and services	33.3	32.5	33.0	32.7	32.5	32.2	31.9
Imports of goods and services	33.3	32.7	33.5	33.5	33.5	33.6	33.7
Income share							
Compensation of employees	50.3	51.0	51.0	50.7	50.7	51.1	51.3
Net mixed income	8.6	9.2	9.2	9.0	8.9	8.9	8.9
Corporate profits before tax	11.7	10.1	9.6	10.2	10.2	9.7	9.4
Investment income	2.4	2.6	2.6	2.6	2.6	2.6	2.6
Consumption of fixed capital	16.6	16.6	16.6	16.4	16.3	16.3	16.3
Taxes less subsidies on production	3.6	3.7	3.9	3.9	3.9	3.9	3.9
Taxes less subsidies on products and imports	6.8	6.8	7.0	7.2	7.3	7.4	7.6

Source:

Statistics Canada.

Office of the Parliamentary Budget Officer.

Appendix C: Detailed revenue outlook

\$ billions	Actual	Projection					
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Income taxes							
Personal income tax	217.7	232.1	243.0	250.8	262.9	274.5	286.3
Corporate income tax	82.5	88.8	88.1	91.4	96.2	96.7	98.7
Non-resident income tax	12.5	13.5	13.8	13.9	14.1	14.4	14.9
Total	312.7	334.5	344.9	356.1	373.2	385.6	399.9
Excise taxes/duties							
Goods and Services Tax	51.4	52.1	55.6	57.0	58.9	61.3	63.9
Custom import duties	5.6	6.1	6.9	7.3	7.6	7.9	8.3
Other excise taxes/duties	12.4	12.9	13.3	13.3	13.3	13.4	13.4
Total	69.4	71.1	75.8	77.6	79.9	82.6	85.7
Other taxes	0.0	2.6	1.4	4.0	3.2	3.4	3.4
Pollution pricing proceeds to be returned	10.5	13.0	15.2	17.2	19.3	21.1	22.9
El premium revenues	29.6	31.2	31.6	31.6	32.5	33.8	35.2
Other revenues							
Enterprise Crown corporations	3.2	7.1	14.7	18.1	20.4	22.5	25.3
Other programs	29.9	33.5	30.8	31.7	33.4	34.0	35.4
Net foreign exchange revenues and return on investments	4.3	6.0	6.3	6.0	5.8	6.0	6.2
Total	37.4	46.6	51.9	55.8	59.6	62.5	66.9
Total budgetary revenues	459.5	499.0	520.7	542.3	567.7	589.1	613.9
Per cent of GDP							
Total tax revenues	13.0	13.3	13.3	13.3	13.4	13.4	13.3
Pollution pricing proceeds to be returned	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	1.5	1.6	1.7	1.8	1.8	1.8
Total budgetary revenues	15.7	16.3	16.4	16.5	16.7	16.7	16.7

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

Note:
Totals may not add due to rounding. Return on investments have been reclassified from Other programs to Net foreign exchange revenues and return on investments.

Appendix D: Detailed expense outlook

\$ billions	Actual	Projection					
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Major transfers to persons							
Elderly benefits	76.0	80.8	85.2	89.8	94.3	99.0	103.8
Employment Insurance	23.1	26.0	28.3	29.6	29.6	30.0	30.8
COVID-19 income support for workers	-4.8	-1.0	0.0	0.0	0.0	0.0	0.0
Canada Child Benefit	26.3	28.5	29.6	30.1	30.4	30.8	31.2
Total	120.7	134.2	143.1	149.5	154.3	159.8	165.7
Major transfers to provinces, territories, and municipalities							
Canada Health Transfer	49.4	52.1	54.7	57.4	60.3	62.4	64.8
Canada Social Transfer	16.4	16.9	17.4	17.9	18.5	19.0	19.6
Equalization	24.0	25.3	26.2	27.2	28.1	29.1	30.2
Territorial Formula Financing	4.8	5.2	5.5	5.7	6.0	6.3	6.6
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	-7.2	-7.7	-8.1	-8.4	-8.8	-9.2
Total	100.2	105.5	110.8	114.9	117.9	120.9	124.8
Pollution pricing proceeds returned	9.9	14.9	15.4	17.7	19.7	21.4	23.2
Direct program expenses							
Other transfer payments	96.0	101.4	100.8	101.2	108.8	114.0	118.0
Operating and capital expenses	140.0	135.2	134.0	130.7	133.6	135.9	140.2
Total	236.0	236.7	234.8	231.8	242.4	249.9	258.3
Total program expenses	466.7	491.4	504.0	513.9	534.4	551.9	572.0
Public debt charges	47.3	53.8	54.5	59.3	62.8	66.4	69.6
Total expenses, excluding net actuarial losses	513.9	545.1	558.5	573.2	597.2	618.3	641.6
Net actuarial losses	7.5	4.0	4.3	0.9	1.9	-2.2	-3.1
Per cent of GDP							
Major transfers to persons	4.1	4.4	4.5	4.6	4.5	4.5	4.5
Major transfers to provinces, territories, and municipalities	3.4	3.4	3.5	3.5	3.5	3.4	3.4
Pollution pricing proceeds returned	0.3	0.5	0.5	0.5	0.6	0.6	0.6
Direct program expenses	8.0	7.7	7.4	7.1	7.1	7.1	7.0
Total program expenses	15.9	16.1	15.8	15.7	15.7	15.6	15.6

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

Note:
Totals may not add due to rounding.

Appendix E: Employment Insurance Operating Account

\$ billions	Actual	Projection					
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Revenues							
Premium revenues	29.6	31.2	31.6	31.6	32.5	33.8	35.2
Contributions for federal employees	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total	30.2	31.9	32.3	32.2	33.1	34.4	35.8
Expenses							
Benefits	23.1	26.0	28.3	29.6	29.6	30.0	30.8
Administration and other expenses	3.0	3.1	2.9	2.9	2.9	2.8	2.2
Total	26.1	29.1	31.1	32.5	32.5	32.8	33.0

	2023	2024	2025	2026	2027	(...)	2031	2032
Annual balance	3.8	2.7	1.6	0.1	0.4		3.7	4.2
Cumulative balance	-20.9	-18.2	-16.6	-16.5	-16.1		-4.8	-0.6
Premium rate (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	Actual	Projection					
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Other transfer payments							
Canada Emergency Wage Subsidy	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Other payments	96.4	101.4	100.8	101.2	108.8	114.0	118.0
Total	96.0	101.4	100.8	101.2	108.8	114.0	118.0
Operating expenses							
Personnel expenses	69.6	71.2	68.6	68.5	71.2	72.5	74.7
Consolidated Crown corporations	8.0	8.9	9.3	8.3	8.3	8.6	8.9
Other operating expenses	56.8	49.4	49.1	46.9	46.8	47.1	48.4
Total	134.4	129.5	127.1	123.7	126.2	128.2	132.0
Capital amortization expenses	5.6	5.8	6.9	7.0	7.4	7.7	8.2
Operating and capital expenses	140.0	135.2	134.0	130.7	133.6	135.9	140.2
Total direct program expenses	236.0	236.7	234.8	231.8	242.4	249.9	258.3

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	Actual	Projection					
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Interest-bearing debt							
Market debt*	1,371.9	1,453.4	1,588.7	1,673.5	1,776.0	1,877.6	1,975.5
Pensions and other future benefits	368.7	347.5	364.1	368.3	373.1	377.0	379.6
Other liabilities	4.9	5.2	5.7	6.0	6.4	6.7	7.1
Total	1,745.5	1,806.0	1,958.5	2,047.8	2,155.4	2,261.4	2,362.1
Accounts payable and accrued liabilities	264.1	270.5	280.2	290.7	305.3	320.1	336.5
Foreign exchange accounts liabilities	44.1	44.0	44.1	44.0	44.0	44.0	44.0
Derivatives	4.1	4.1	4.2	4.1	4.2	4.1	4.1
Total liabilities	2,057.8	2,124.6	2,287.0	2,386.7	2,508.9	2,629.7	2,746.8
Financial assets	705.0	721.6	837.6	901.1	987.3	1,076.3	1,164.0
Non-financial assets	116.6	120.7	125.0	129.4	134.0	138.8	143.7
Total assets	821.6	842.3	962.7	1,030.6	1,121.4	1,215.1	1,307.7
Federal debt (liabilities less assets)	1,236.2	1,282.3	1,324.4	1,356.1	1,387.6	1,414.6	1,439.2
Federal debt (% of GDP)	42.1	41.9	41.6	41.3	40.8	40.1	39.2
Market debt: agent Crown corporations*	319.4	366.7	398.0	428.9	447.6	472.0	502.3
Borrowing requirements, as per the <i>Borrowing Authority Act</i>	1,691.3	1,820.1	1,986.7	2,102.4	2,223.6	2,349.6	2,477.8

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 October 2024 outlook

\$ billions	Projection					
	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Income taxes						
Personal income tax	-1.3	0.9	-0.5	1.1	1.1	1.2
Corporate income tax	1.3	0.0	0.5	1.9	1.3	1.6
Non-resident income tax	0.3	0.3	0.1	-0.2	-0.4	-0.7
Total	0.4	1.2	0.0	2.8	1.9	2.1
Excise taxes/duties						
Goods and Services Tax	-1.6	0.4	0.5	0.3	0.4	0.1
Custom import duties	0.0	0.1	0.1	0.0	0.0	0.0
Other excise taxes/duties	-0.3	-0.1	-0.2	-0.2	-0.2	-0.3
Total	-1.9	0.4	0.4	0.1	0.1	-0.2
Other taxes	0.0	0.0	-0.1	-0.5	-0.3	-0.3
Pollution pricing proceeds to be returned	0.0	0.0	0.0	0.0	0.0	0.0
El premium revenues	0.3	0.7	0.6	0.4	0.4	0.5
Other revenues	3.6	4.9	5.5	4.5	3.8	6.1
Total budgetary revenues	2.4	7.1	6.5	7.3	6.1	8.2
Major transfers to persons						
Elderly benefits	0.0	0.0	-0.2	-0.9	-1.4	-2.0
Employment Insurance	-0.1	1.2	2.0	1.0	0.2	0.1
COVID-19 income support for workers	-0.7	0.0	0.0	0.0	0.0	0.0
Canada Child Benefit	0.0	0.1	-0.1	-0.3	-0.6	-0.9
Total	-0.7	1.4	1.7	-0.2	-1.8	-2.9
Major transfers to provinces, territories, and municipalities						
Canada Health Transfer	0.0	0.0	0.0	0.0	-0.2	-0.3
Canada Social Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Equalization	0.0	0.1	0.1	0.1	0.0	-0.1
Territorial Formula Financing	0.0	0.1	0.1	0.2	0.2	0.2
Other transfers to government	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.2	0.2	0.2	-0.1	-0.2
Pollution pricing proceeds returned	-0.3	-0.2	0.0	0.3	0.1	0.1
Direct program expenses						
Other transfer payments	-2.0	-3.2	-5.0	-0.9	1.5	3.4
Operating and capital expenses	8.5	8.8	7.9	7.2	7.1	7.0
Total	6.5	5.6	2.9	6.4	8.5	10.4

Total program expenses	5.4	7.0	4.8	6.7	6.7	7.4
Public debt charges	1.0	0.8	1.5	1.5	1.8	2.0
Total expenses	6.4	7.7	6.3	8.2	8.5	9.4
Budgetary balance before net actuarial losses	-4.0	-0.6	0.2	-0.9	-2.4	-1.2
Net actuarial losses	-0.3	2.5	2.1	2.1	0.8	0.9
Budgetary balance	-3.7	-3.1	-1.8	-3.0	-3.2	-2.0
Federal debt	14.9	18.0	19.8	22.7	25.9	28.0

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

Appendix I: Comparison to Fall Economic Statement 2024

\$ billions	Projection					
	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Income taxes						
Personal income tax	-0.5	-0.2	-0.6	-1.1	-1.9	-0.9
Corporate income tax	2.0	2.0	3.5	2.8	2.9	0.6
Non-resident income tax	0.0	0.0	0.0	0.1	0.2	0.6
Total	1.6	1.8	2.9	1.8	1.2	0.3
Excise taxes/duties						
Goods and Services Tax	0.2	0.2	-0.3	-0.4	-0.1	0.1
Custom import duties	0.5	1.0	1.0	1.0	0.9	0.9
Other excise taxes/duties	0.0	0.1	0.0	0.0	0.0	-0.1
Total	0.7	1.2	0.7	0.7	0.8	1.0
Other taxes	0.3	0.5	0.4	0.4	0.4	0.3
Pollution pricing proceeds to be returned	0.2	0.4	0.7	1.0	1.1	1.2
El premium revenues	0.3	0.0	-1.0	-1.1	-1.1	-1.5
Other revenues	0.8	0.8	1.5	1.8	0.3	-0.1
Total budgetary revenues	3.8	4.5	5.2	4.6	2.8	1.1
Major transfers to persons						
Elderly benefits	-0.1	-0.3	-0.3	-0.3	-0.5	-0.6
Employment Insurance	-1.8	-0.5	0.4	-0.3	-1.1	-1.3
COVID-19 income support for workers	-0.7	0.0	0.0	0.0	0.0	0.0
Canada Child Benefit	0.3	0.0	-0.5	-1.3	-1.9	-2.6
Total	-2.4	-0.8	-0.4	-1.9	-3.4	-4.6
Major transfers to provinces, territories, and municipalities						
Canada Health Transfer	0.0	0.0	0.0	0.0	-0.4	-0.5
Canada Social Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Equalization	0.0	0.0	0.0	-0.2	-0.4	-0.5
Territorial Formula Financing	0.0	0.0	0.0	0.1	0.2	0.4
Other transfers to government	0.3	0.0	-0.1	0.0	-0.1	-0.1
Total	0.3	0.1	0.0	-0.1	-0.5	-0.7
Pollution pricing proceeds returned	0.2	0.4	0.7	1.0	1.1	1.5
Direct program expenses						
Other transfer payments	1.5	0.7	0.9	0.2	-0.2	-0.7
Operating and capital expenses	5.8	3.4	3.5	5.4	5.4	6.1
Total	7.4	4.1	4.3	5.6	5.2	5.5

Total program expenses	5.7	3.7	4.6	4.7	2.2	1.7
Public debt charges	0.1	0.3	1.7	0.8	0.1	0.2
Total expenses	5.6	4.0	6.2	5.5	2.4	1.9
Budgetary balance before net actuarial losses	-1.8	0.5	-1.0	-0.9	0.4	-0.8
Net actuarial losses	0.0	0.5	-0.2	0.1	-0.3	0.9
Budgetary balance	-1.8	0.2	-0.8	-1.0	0.8	-1.6
Federal debt	0.8	0.8	1.5	2.6	1.9	3.5

Source:

Finance Canada.

Office of the Parliamentary Budget Officer.

Note:

Totals may not add due to rounding.

Notes

¹ Since this estimate was finalized, [Statistics Canada](#) has reported that real GDP grew by 2.6 per cent (annualized) in the last quarter of 2024 and 1.5 per cent for the full year.

² While our October 2024 outlook included our estimate of the impact of the government announced reduction of the non-permanent resident population, it did not include the downward revision to the permanent resident admission target that was announced on October 24, 2024. For this projection, our outlook for non-permanent residents was updated to reflect recent data and the government's target regarding arrivals.

³ As measured by year-over-year changes in the consumer price index (CPI).

⁴ The Public Accounts of Canada 2024 were tabled on December 17, 2024 - almost a full nine months after the fiscal year closed. [As noted in our previous reports](#), the Government continues to fall short of the standard for advanced practice in the International Monetary Fund's financial reporting guidelines, which recommends that governments publish their annual financial statements within six months of the close of the fiscal year.

⁵ [Fall Economic Statement: Issues for Parliamentarians](#). Office of the Parliamentary Budget Officer.

⁶ These amounts include PBO cost estimates of measures detailed in Fall Economic Statement 2024. These measures are broadly in line with the Government's estimates.

⁷ 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.

⁸ Consistent with our previous outlook, we assume that corporate tax yields will decline slightly over the medium term. However, we anticipate the strength in yields will persist at a higher level compared to the pre-pandemic period. New data and announcements have resulted in an upward revision to other revenues since our last outlook. This has brought our projection to be more in line with what was predicted by FES 2024, with subsequent announcements further increasing it.

⁹ Steel and aluminum imports face an additional 25 per cent tariff for a total of 50 per cent.

¹⁰ In GTAP, taxation income accrues to a representative household which then allocates it via private consumption, government expenditure and savings. We also assume that the Bank of Canada undertakes significant monetary easing in response to the tariff shock.

¹¹ Our modelling suggests that Canada's economy could adjust by pursuing alternative trading partnerships and reallocating resources to industries such as services that are less affected by tariffs. This may not be feasible for many industries in the short term.

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