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The Government's Expenditure Plan and Main Estimates for 2025-26



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 examines the federal government's Expenditure Plan and Main Estimates for 2025-26, which supports the appropriation bill that seeks Parliament's approval of \$222.9 billion in budgetary authorities.

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Table of Contents

Highlights.....	1
Summary	2
Overview	3
Proposed Spending.....	3
Major Expenditures	5
Federal Spending on Elderly Benefits	5
Federal Spending on Health	6
The Cost of Servicing Public Debt.....	7
Notes	9

Highlights

The Main Estimates are enacted through an appropriation bill of the 2025-26 fiscal year, which require Parliament's approval for \$222.9 billion. Parliament has already provided legislative authority for most of the planned spending (\$264 billion) through other pieces of legislation.

The Canada Health Transfer is set to increase by \$2.6 billion (5 per cent) to \$54.7 billion in 2025-26.

The 2025-26 Main Estimates outline \$49.1 billion in forecasted statutory authorities related to servicing public debt, which represents a \$0.7 billion increase from the 2024-25 Estimates to date for the preceding year.

Governor General Special Warrants were issued on April 1, and May 2, 2025, totaling \$73.4 billion. The 2025-26 Main Estimates include these amounts.

Summary

The Government's Main Estimates for 2025-26 outline \$486.9 billion in budgetary spending authorities. Voted authorities, which require approval by Parliament, total \$222.9 billion. Statutory authorities, for which the Government already has Parliament's permission to spend, total \$264 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 (\$294.8 billion, 60.5 per cent).

Notable areas of spending in these Main Estimates include:

- Elderly benefits (\$85.5 billion);
- The Canada Health Transfer (\$54.7 billion); and
- Public debt charges (\$49.1 billion).

The 2025-26 Main Estimates do not reflect any prospective measures as a spring 2025 Budget will not be tabled. As such, the 2025-26 budgetary authorities will increase in the Supplementary Estimates to reflect the costs of any new measures. These Main Estimates do reflect the termination of the consumer carbon price, effective as of April 1, 2025, as well as the final payments for the Canada Carbon Rebate for individuals.

On the dissolution of the 44th Parliament, supply for the 2025-26 fiscal year had not been approved yet. Thus, Governor General Special Warrants (hereafter, Special Warrants) were issued on April 1, and May 2, 2025, totaling \$73.4 billion. The 2025-26 Main Estimates include these amounts.

PBO is available to offer briefings or answer questions on any items included in these Main Estimates and will release a publication on the Special Warrants.

Overview

The Government can only spend public money with Parliament's permission. This can be done in two ways.

Parliament can provide its permission through approval of appropriation bills, which generally provide permission to spend 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*.¹

The 2025-26 Main Estimates seeks authority for most of the total spending in the given year.

For the periods of April 1 to May 15 and May 16 to June 29, 2025, the Governor General authorized the spending of funds totaling \$73.4 billion through the issuance of Special Warrants. These Special Warrants were issued on April 1, and May 2, 2025, respectively. The 2025-26 Main Estimates include those amounts.

Proposed Spending

The Government's Expenditure Plan and Main Estimates for 2025-26 outline \$486.9 billion in budgetary spending authorities, as well as an overall increase of \$1.2 billion in the value of non-budgetary loans, investments and advances (Table 1). Of the budgetary total, \$222.9 billion relates to authorities to be voted on by Parliament.

Table 1

The Government's Expenditure Plan, 2025-26: Total Authorities

Authorities (\$billions)	Budgetary	Non-budgetary
Voted	222.9	0.1
Statutory	264.0	1.1
Total	486.9	1.2

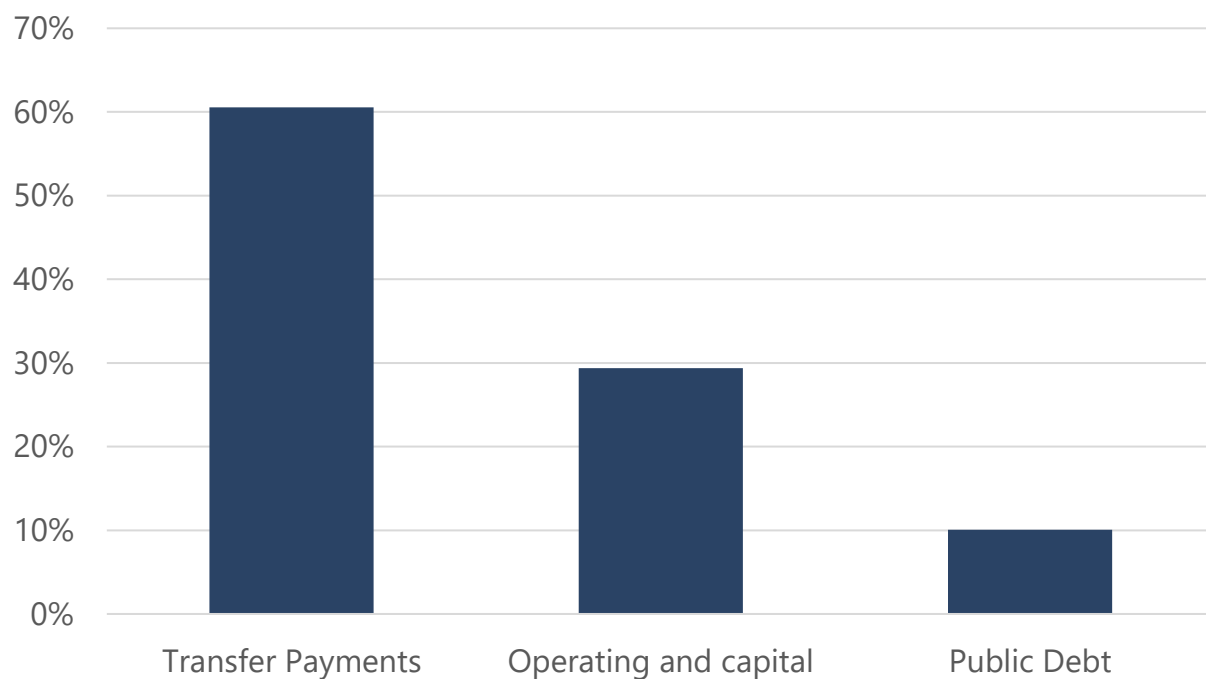
Source:

Treasury Board of Canada Secretariat, 2025-26 Main Estimates.

These Main Estimates do not reflect new spending items that could be announced in a 2025 Budget. Total 2025-26 budgetary authorities will increase with these anticipated funding requests in the Supplementary Estimates. They do 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.

As shown in Figure 1, transfer payments account for the largest portion of budgetary authorities in the 2025-26 Main Estimates, at 60.5 per cent (\$294.8 billion). These include payments made to other levels of government, individuals, and other organizations. Budgetary authorities for operating and capital represent 29.4 per cent (\$143.1 billion), while public debt charges amount to 10.1 per cent (\$49.1 billion).

Figure 1
Composition of budgetary authorities



Source:
Treasury Board of Canada Secretariat, 2025-26 Main Estimates.

In comparison to the 2024-25 Estimates to date, total budgetary authorities have increased by \$0.2 billion in the 2025-26 Main Estimates. While this increase is not significant, prospective budget measures and future funding needs are not included in these Main Estimates.

Major Expenditures

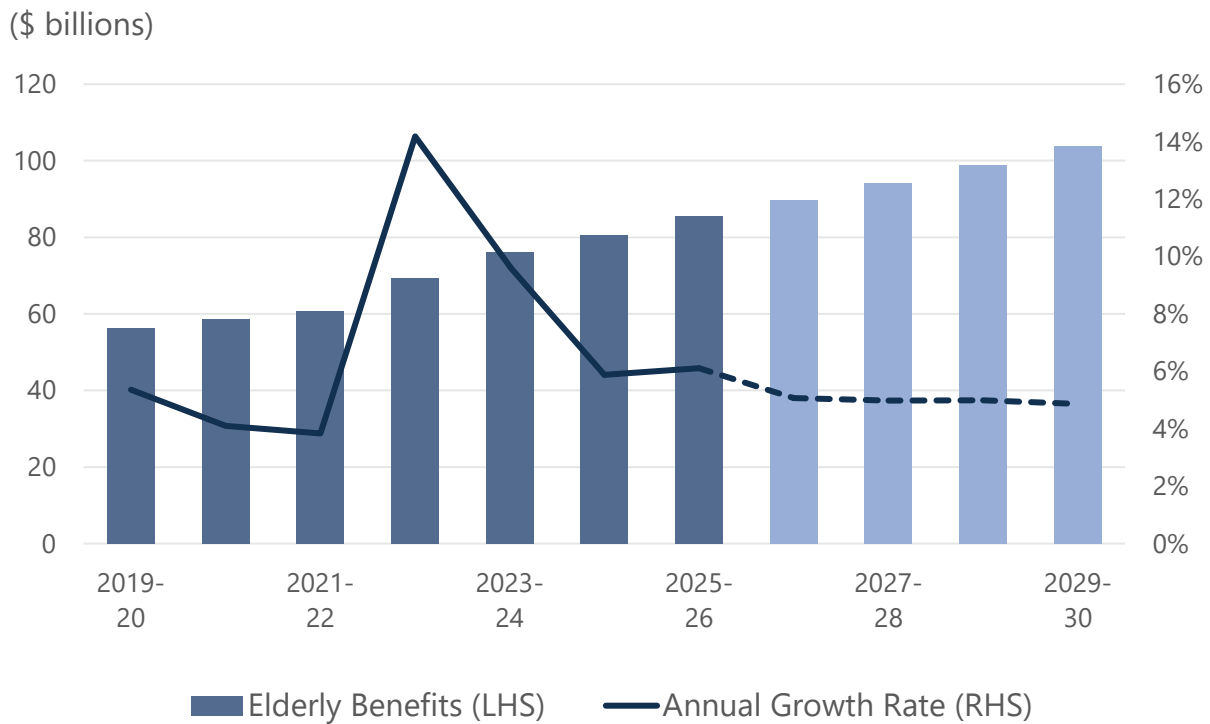
Federal Spending on Elderly Benefits

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 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 \$4.9 billion (6.1 per cent) to a total of \$85.5 billion in 2025-26 (Figure 2). PBO projects that by 2029-30, federal spending on Elderly Benefits will reach \$103.8 billion. This is driven by a combination of a larger number of seniors and inflation (to which the benefits are indexed).

Figure 2
Elderly Benefits



Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2025-26 Main Estimates; Parliamentary Budget Officer.

Note:

Figures prior to 2024-25 are actuals. Figures for 2024-25 and 2025-26 are estimates. Figures for 2026-27 and later are PBO projections.

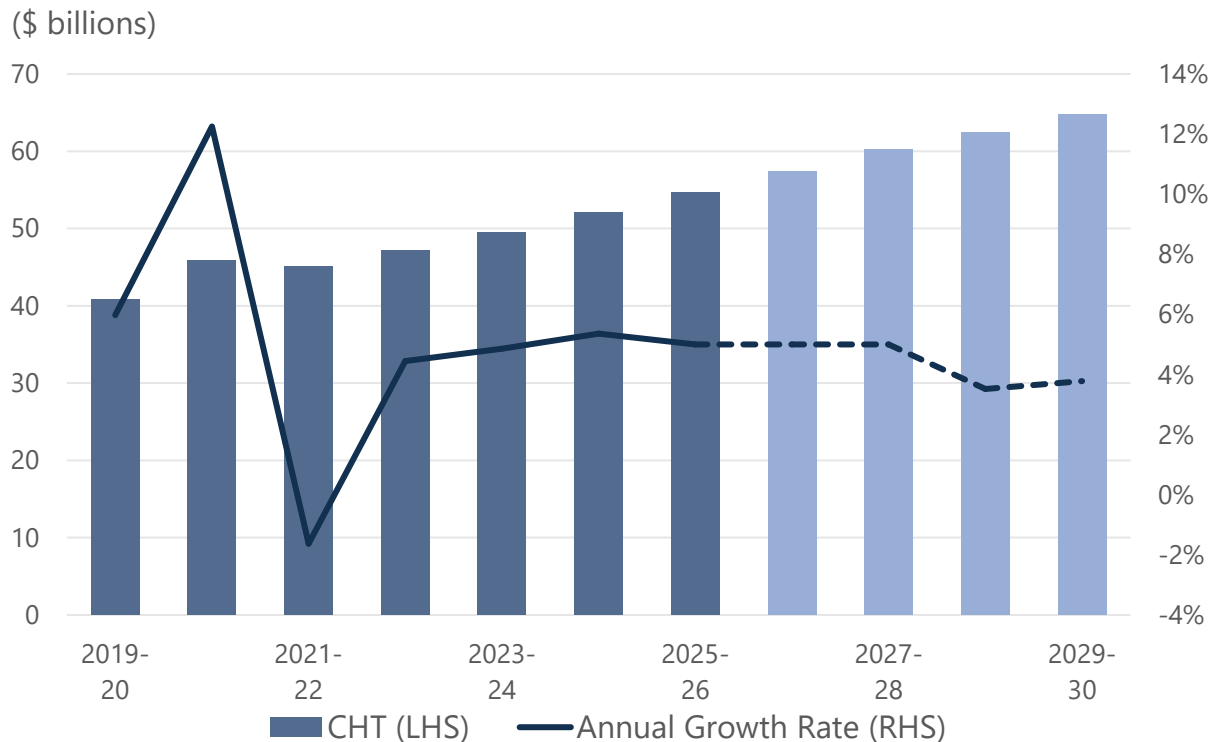
Federal Spending on Health

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. The CHT is also allocated to all provinces and territories on an equal per capita basis.²

The CHT is set to increase by \$2.6 billion (5 per cent) to \$54.7 billion in 2025-26. PBO projects that by 2029-30, the CHT will reach \$64.8 billion.

Figure 3
Canada Health Transfer



Source:

Receiver General of Canada, Public Accounts of Canada; Treasury Board of Canada Secretariat, 2025-26 Main Estimates; Parliamentary Budget Officer.

Note:

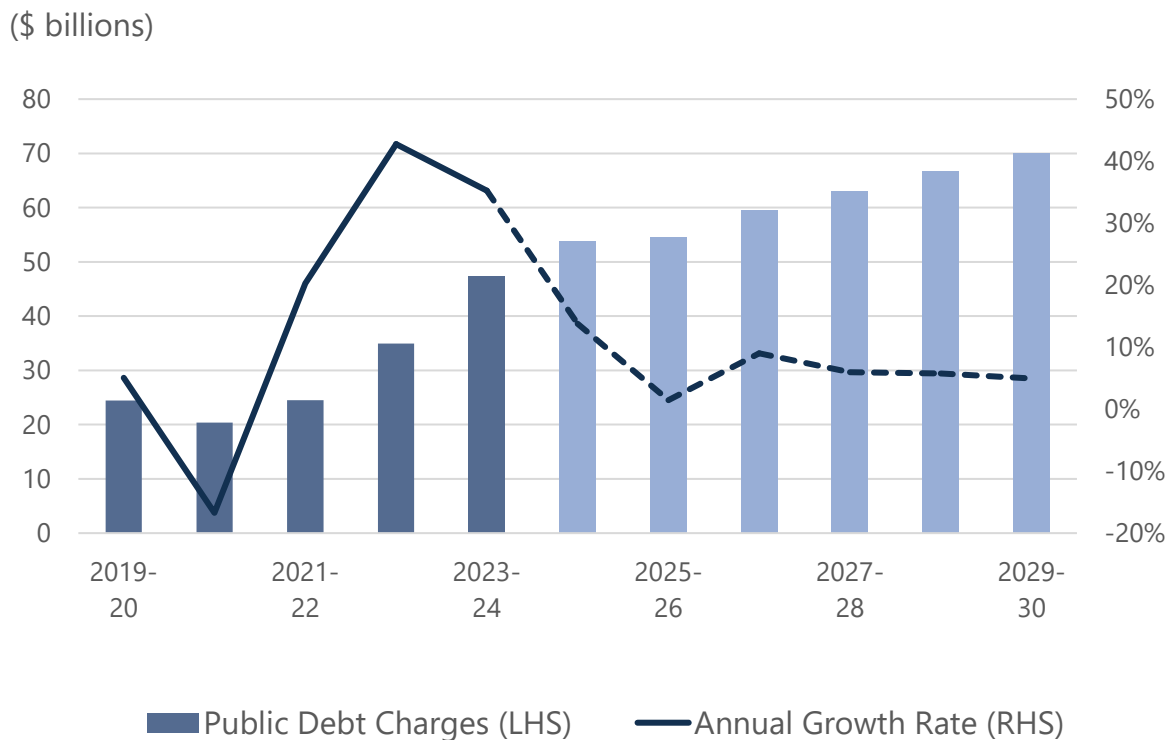
Figures prior to 2024-25 are actuals. Figures for 2024-25 and 2025-26 are estimates. Figures for 2026-27 and later are PBO projections.

The Cost of Servicing Public Debt

The 2025-26 Main Estimates outline \$49.1 billion in forecasted statutory authorities related to servicing public debt. This includes \$43.9 billion for interest on unmatured debt and \$5.2 billion for other interest costs. This represents a \$0.7 billion increase from the 2024-25 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 2025-26, the effective interest rate is expected to stabilize, slowing the growth in public debt charges. PBO projects that public debt charges will reach \$69.9 billion by 2029-30 (Figure 4).

Figure 4
Public debt charges



Source:

Receiver General of Canada, Public Accounts of Canada; Parliamentary Budget Officer, Economic and Fiscal Outlook – March 2025.

Note

Figures prior to 2024-25 are actual expenses. Figures for 2024-25 and later are PBO expense projections.

Notes

¹ [*Old Age Security Act.*](#)

² Department of Finance Canada. [Canada Health Transfer.](#)

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