NEWS RELEASE

This year Ottawa will spend more on federal interest payments than on employment insurance benefits

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For Immediate Release

TORONTO—In fiscal year 2019-20, Ottawa will spend more than $24 billion on federal interest payments, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Since the 2008-09 recession, the federal debt has increased by more than $260 billion, and taxpayers are on the hook for the increased interest costs,” said Jake Fuss, Fraser Institute economist and coauthor of Interest Costs and their Growing Burden on Canadians.

For example, this year the federal government will spend a projected $24.4 billion on interest payments on the federal debt—considerably more than Ottawa expects to spend on employment insurance benefits ($19.3 billion). And more than this year’s projection for the Canada Child Benefit ($24.1 billion), a monthly payment made to eligible families with children.

Consequently, interest costs on the federal debt will consume 7.2 per cent of federal revenues in 2019-20, despite historically low interest rates. Put differently, federal interest costs will equal $649 per Canadian.

And of course, taxpayers pay interest costs on provincial government debt and their province’s portion of the federal debt. On a per-person basis, the combined federal and provincial interest costs range from a high of $3,343 in Newfoundland & Labrador to a low of $1,156 in British Columbia.

“In their upcoming budgets, the federal and provincial governments can address these interest costs by ensuring balanced budgets by better controlling government spending,” Fuss said.

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