

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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