

Ottawa counting on uninterrupted decades of low rates and growth to balance the budget and pay down the debt

Using the supplementary data published with the Parliamentary Budget Officer's [Fiscal Sustainability Report 2022](#), the Canadian Taxpayers Federation's analysis shows the federal government won't balance its budget until 2041.

However, the government won't balance its budget by 2041 if low interest rates tick up, if the economy doesn't experience uninterrupted growth or politicians announce new spending.

Table 1 shows the government's budgetary balance until 2041. By the time the government balances the budget, total debt interest charges will have cost taxpayers \$802 billion.

TABLE 1 Projected budgetary balance 2022-2041				
Year	Total Revenue (\$ 000,000)	Total Spending (\$ 000,000)	Budgetary Balance (\$ 000,000)	Interest Charges (\$ 000,000)
2022	\$402,270	\$443,399	-\$41,129	\$25,055
2023	\$423,725	\$453,966	-\$30,241	\$27,662
2024	\$445,346	\$465,872	-\$20,526	\$31,166
2025	\$466,475	\$485,090	-\$18,615	\$34,080
2026	\$487,291	\$504,027	-\$16,736	\$36,510
2027	\$506,705	\$525,221	-\$18,516	\$38,533
2028	\$526,767	\$546,721	-\$19,954	\$40,305
2029	\$547,481	\$568,550	-\$21,069	\$41,876
2030	\$568,844	\$590,604	-\$21,760	\$43,287
2031	\$591,089	\$612,872	-\$21,783	\$44,563
2032	\$614,548	\$635,584	-\$21,037	\$45,715
2033	\$639,045	\$658,896	-\$19,851	\$46,746
2034	\$664,304	\$682,780	-\$18,476	\$47,662
2035	\$690,472	\$707,360	-\$16,888	\$48,473
2036	\$717,810	\$732,733	-\$14,923	\$49,185
2037	\$746,229	\$758,653	-\$12,424	\$49,797
2038	\$775,653	\$785,169	-\$9,516	\$50,303
2039	\$805,941	\$812,217	-\$6,275	\$50,697
2040	\$837,080	\$839,959	-\$2,879	\$50,976
2041	\$869,393	\$868,463	\$931	\$51,139

After balancing the budget, it will take the government another two decades to pay down the debt. By the time the government pays down the debt in 2061, interest charges will have cost taxpayers \$1.6 trillion. Table 2 shows the federal government's debt over the next four decades.

It's important to note that balancing the budget by 2041 and paying down the debt by 2061 relies on no new spending announcements beyond what's included in Budget 2022, relatively low interest rates and uninterrupted economic growth. For example, the average annual effective interest rate between now and 2061 is about 2.7 per cent, which is lower than the annual interest rates every year between 1991 and 2014. The PBO's data assumes the current effective interest rate charged on the government's debt is 1.7 per cent. The Bank of Canada just issued the [largest](#) one-time interest rate hike since August 1998, putting Canada's benchmark borrowing rate at 2.5 per cent.

TABLE 2

Federal government debt | 2022 – 2061

Year	Debt (\$ 000,000)	Interest Charges (\$ 000,000)
2022	\$1,020,710	\$25,055
2023	\$1,050,951	\$27,662
2024	\$1,071,477	\$31,166
2025	\$1,090,092	\$34,080
2026	\$1,106,828	\$36,510
2027	\$1,125,344	\$38,533
2028	\$1,145,298	\$40,305
2029	\$1,166,367	\$41,876
2030	\$1,188,127	\$43,287
2031	\$1,209,909	\$44,563
2032	\$1,230,946	\$45,715
2033	\$1,250,797	\$46,746
2034	\$1,269,272	\$47,662
2035	\$1,286,160	\$48,473
2036	\$1,301,084	\$49,185
2037	\$1,313,508	\$49,797
2038	\$1,323,024	\$50,303
2039	\$1,329,299	\$50,697
2040	\$1,332,178	\$50,976
2041	\$1,331,248	\$51,139
2042	\$1,326,152	\$51,179
2043	\$1,316,566	\$51,087
2044	\$1,302,307	\$50,858
2045	\$1,283,263	\$50,487
2046	\$1,259,028	\$49,974
2047	\$1,229,173	\$49,308
2048	\$1,193,293	\$48,477
2049	\$1,151,149	\$47,473
2050	\$1,102,504	\$46,287
2051	\$1,046,987	\$44,914
2052	\$983,926	\$43,344
2053	\$912,738	\$41,559
2054	\$833,200	\$39,542
2055	\$745,218	\$37,286
2056	\$648,138	\$34,790
2057	\$541,020	\$32,035
2058	\$422,996	\$28,995
2059	\$293,353	\$25,644
2060	\$151,509	\$21,963
2061	-\$3,611	\$17,935

Table 3 highlights the economic assumptions included within the PBO's data.

You can download the excel sheet containing the PBO's supplementary data with CTF calculations [here](#).

TABLE 3			
Economic assumptions 2022 – 2061			
Year	Interest Rate	Nominal GDP Growth	Real GDP Growth
2022	1.7%	8%	4%
2023	1.8%	5%	3%
2024	2.0%	4%	2%
2025	2.2%	4%	2%
2026	2.3%	4%	2%
2027	2.4%	4%	2%
2028	2.5%	4%	2%
2029	2.6%	4%	2%
2030	2.6%	4%	2%
2031	2.7%	4%	2%
2032	2.7%	4%	2%
2033	2.7%	4%	2%
2034	2.8%	4%	2%
2035	2.8%	4%	2%
2036	2.8%	4%	2%
2037	2.8%	4%	2%
2038	2.8%	4%	2%
2039	2.8%	4%	2%
2040	2.8%	4%	2%
2041	2.8%	4%	2%
2042	2.8%	4%	2%
2043	2.8%	4%	2%
2044	2.8%	4%	2%
2045	2.8%	4%	2%
2046	2.8%	4%	2%
2047	2.8%	4%	2%
2048	2.8%	4%	2%
2049	2.8%	4%	2%
2050	2.8%	4%	2%
2051	2.8%	4%	2%
2052	2.8%	4%	2%
2053	2.8%	4%	2%
2054	2.8%	4%	2%
2055	2.8%	4%	2%
2056	2.8%	4%	2%
2057	2.8%	4%	2%
2058	2.8%	4%	2%
2059	2.8%	4%	2%
2060	2.8%	4%	2%
2061	2.8%	4%	2%