



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

April 3, 2024

Response from the Office of the Parliamentary Budget Officer following an appearance before a parliamentary committee.

March 19, 2024. Appearance of the Parliamentary Budget Officer, Mr. Yves Giroux, before the **Standing Senate Committee on National Finance** on Supplementary Estimates (C) for the fiscal year ending March 31, 2024.

Topic / Question 1:

In response to Senator Loffreda's question regarding student loan write-offs and debt recovery.

Answer 1:

The latest Chief Actuary Report on the Canada Student Financial Assistance Program indicates the following: "Recoveries represent monies the program is able to recuperate after loans have defaulted. CRA is responsible for collecting this money on behalf of the program. Recoveries are analyzed based on the default year after consolidation. The long-term recovery rate for a default cohort is assumed to be 38.0% (32.8% in the previous report). This increase in the recovery assumption is mainly due to the expected impact of the permanent elimination of interest accrual, where recoveries would now apply to principal only instead of principal or interest."

Topic / Question 2:

Senator Galvez:

In response to Senator Galvez's question regarding the calculation of Fiscal Stabilization payments.

Answer 2:

The Fiscal Stabilization Program is administered by the Minister of Finance and is legislated under the Federal-Provincial Fiscal Arrangements Act (FPFAA) and its supporting regulations. Payments are determined by the Minister of Finance under a legislated formula outlined in the *Federal-Provincial Fiscal Arrangements Act*. The program provides financial assistance to any province faced with a year-over-year decrease of more than 5 per cent in its non-resource revenues or of more than 50 per cent in its resource revenues, with adjustments for interactions between the revenue sources. The program is designed to address economic factors that are outside the control of provincial governments. As such, adjustments are also made when

measuring revenue declines to remove the impact of policy changes on provincial revenues (for example, changes in provincial tax rates or credits).

Provinces must submit a claim to access the Fiscal Stabilization Program. A province could receive a maximum payment of \$169 per person for the year 2020-21. The maximum payment is set to grow thereafter in line with Canadian economic growth per person and will not decline in the event of an economic decline.

Topic / Question 3:

Senator Marshall:

In response to Senator Marshall's question regarding Personnel expenditures.

Answer 3:

Each year, the Public Accounts show a [reconciliation of external expenditures by standard object to expenses](#). This reconciliation includes accrual and other adjustments. As shown in the table below, accrual and other adjustments over the past five fiscal years have varied significantly, from less than one billion to over ten billion. We will not know what this adjustment will be for 2023-24 until the Public Accounts are available sometime in the fall.

Personnel expenditures to expenses, by fiscal year, in dollars:

Fiscal year	Total ministerial net expenditures	Consolidated specified purpose accounts	Accrual and other adjustments	Consolidated Crown corporations and other entities	Total external expenses	Total adjustment (from total ministerial net expenditures to total external expenses)
2022-23	56,467,851	0	8,763,293	2,125,018	67,356,162	10,888,311
2021-22	60,676,243	0	658,437	1,966,375	63,301,055	2,624,812
2020-21	52,984,272	0	4,862,486	1,776,354	59,623,112	6,638,840
2019-20	46,349,166	0	7,028,837	1,807,158	55,185,161	8,835,995
2018-19	46,131,628	-403,479	10,230,768	1,723,053	57,681,970	11,550,342

Sources: Public Accounts of Canada, 2018 to 2023.