

# Cost Estimate of Election Campaign Proposal

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Publication date:	2019-10-11				
Short title:	Reduction in other operating expenses				
Description:	<p>This proposal will reduce the non-salary component of operating expenses by:</p> <ol style="list-style-type: none"><li>1. Maintaining other operating expenses at their 2019-20 level, starting in 2020-21;</li><li>2. This will be combined with a gradual phase-in reduction of 1.2% per year, reaching 6% in 2024-25. Going forward, the reduction level will be maintained at 6%, and;</li><li>3. From 2025-26 onward, other operating expenses will grow with PBO's projection for that category.</li></ol>				
Operating line(s):	Operating and capital expenses				
Data sources:	<table><thead><tr><th><u>Variable</u></th><th><u>Source</u></th></tr></thead><tbody><tr><td>Other operating expenses:</td><td>PBO economic and fiscal model</td></tr></tbody></table>	<u>Variable</u>	<u>Source</u>	Other operating expenses:	PBO economic and fiscal model
<u>Variable</u>	<u>Source</u>				
Other operating expenses:	PBO economic and fiscal model				
Estimation and projection method:	<p>Cost savings were calculated by maintaining other operating expenses at their 2019-20 level of \$24.1 billion and applying to that level a gradual phase-in reduction of 1.2% per year, reaching 6% in 2024-25. From 2025-26 onward, other operating expenses were grown with PBO's growth projection for that category.<sup>1</sup></p> <p>PBO's other operating expenses include spending on non-salary operating expenses such as: transportation and communication, information, professional and special services, rentals, repair and maintenance, utilities materials and supplies, and other subsidies and payments— excluding expenses associated with Crown corporations and other entities.</p>				
Uncertainty assessment:	<p>The estimate has moderate uncertainty. The estimated cost savings are based on PBO's baseline projection. Cost savings could vary if the various components of other operating expenses grow faster/slower than assumed in PBO's economic and fiscal model.</p>				

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<sup>1</sup> The estimated cost savings assume that the proposed reductions in spending will be realized.

### Cost of proposed measure

\$ millions	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029
Total cost	-	-823	-1,828	-2,861	-3,920	-5,005	-5,153	-5,306	-5,462	-5,623

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost