



Department of Finance  
Canada

Ministère des Finances  
Canada

# THE FISCAL MONITOR

A publication of the Department of Finance

Financial results for January 2020

Canada

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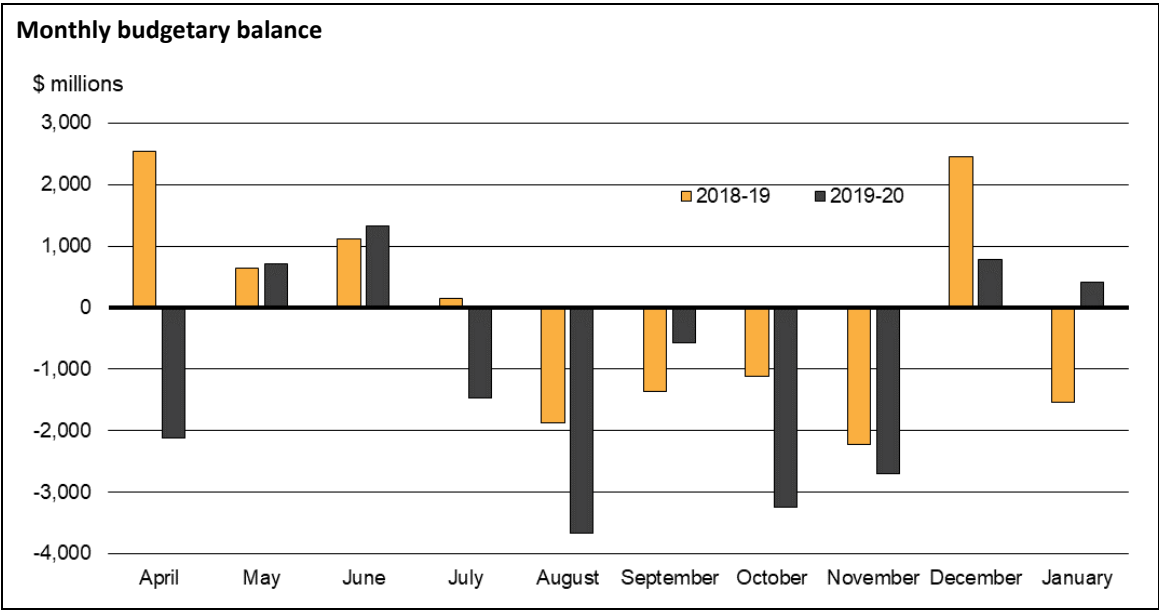
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# Highlights

## January 2020

There was a budgetary surplus of \$0.4 billion in January 2020, compared to a deficit of \$1.5 billion in January 2019. Revenues increased by \$1.2 billion, or 4.2%, largely reflecting an increase in tax revenues. Program expenses decreased by \$0.8 billion, or 2.9%, primarily reflecting decreases in major transfers to persons and direct program expenses. Public debt charges increased by \$0.1 billion, or 6.4%, reflecting in part higher monthly Consumer Price Index adjustments on Real Return Bonds.



## April 2019 to January 2020

For the April to January period of the 2019–20 fiscal year, the government posted a budgetary deficit of \$10.6 billion, compared to a deficit of \$1.2 billion reported for the same period of 2018–19. Revenues were up \$7.9 billion, or 2.9%, largely reflecting an increase in personal income tax revenues. Program expenses were up \$16.6 billion, or 6.6%, reflecting increases in major transfers to persons, major transfers to other levels of government and direct program expenses. Public debt charges increased by \$0.6 billion, or 3.2%, largely reflecting higher Consumer Price Index adjustments on Real Return Bonds and a higher average effective interest rate on the stock of Government of Canada treasury bills.

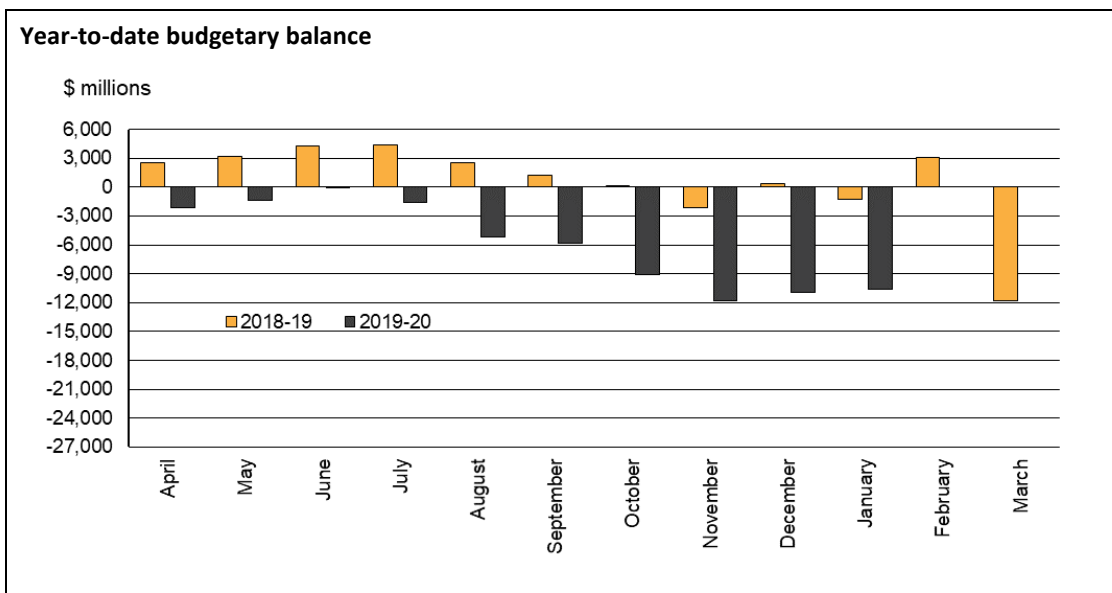


Table 1

**Summary statement of transactions**

\$ millions

	January		April to January	
	2019	2020	2018–19	2019–20
<b>Budgetary transactions</b>				
Revenues	29,096	30,326	268,419	276,311
Expenses				
Program expenses	-28,945	-28,116	-250,054	-266,667
Public debt charges	-1,687	-1,795	-19,577	-20,199
Budgetary balance (deficit/surplus)	-1,536	415	-1,212	-10,555
<b>Non-budgetary transactions</b>	3,045	-1,654	-11,373	-5,905
<b>Financial source/requirement</b>	1,509	-1,239	-12,585	-16,460
<b>Net change in financing activities</b>	4,413	6,055	21,071	17,638
<b>Net change in cash balances</b>	5,922	4,816	8,486	1,178
<b>Cash balance at end of period</b>			46,162	41,181

Note: Positive numbers indicate net source of funds. Negative numbers indicate net requirement for funds.

## Revenues

Revenues in January 2020 totalled \$30.3 billion, up \$1.2 billion, or 4.2%, from January 2019.

- Tax revenues increased by \$0.9 billion, or 3.7%.
- Fuel charge proceeds assessed under the federal carbon pollution pricing system totalled \$0.3 billion.
- Employment Insurance (EI) premium revenues increased by \$0.1 billion, or 2.4%.
- Other revenues, consisting of net profits from enterprise Crown corporations, revenues of consolidated Crown corporations, revenues from sales of goods and services, returns on investments, net foreign exchange revenues and miscellaneous revenues, were up \$41 million, or 1.6%.

For the April to January period of 2019–20, revenues were \$276.3 billion, up \$7.9 billion, or 2.9%, from the same period the previous year.

- Tax revenues increased by \$4.9 billion, or 2.1%, driven largely by growth in personal income tax revenues. The increase in tax revenues for the April to January period includes \$30 million from the federal portion of assessed cannabis excise duties.
- Assessed fuel charge proceeds totalled \$1.3 billion over the period.
- EI premium revenues were up \$0.5 billion, or 3.1%.
- Other revenues were up \$1.3 billion, or 5.4%.

Table 2

**Revenues**

	January		Change	April to January		Change
	2019	2020		2018-19	2019-20	
	(\$ millions)		(%)	(\$ millions)		(%)
<b>Tax revenues</b>						
Income taxes						
Personal	13,398	14,288	6.6	130,205	136,950	5.2
Corporate	3,803	4,049	6.5	39,718	39,334	-1.0
Non-resident	1,611	1,397	-13.3	8,242	8,496	3.1
Total income tax revenues	18,812	19,734	4.9	178,165	184,780	3.7
Other taxes and duties						
Goods and Services Tax	3,460	3,655	5.6	34,364	34,186	-0.5
Energy taxes	579	472	-18.5	4,872	4,835	-0.8
Customs import duties	515	408	-20.8	5,824	4,304	-26.1
Other excise taxes and duties	541	514	-5.0	5,318	5,289	-0.5
Total excise taxes and duties	5,095	5,049	-0.9	50,378	48,614	-3.5
Total tax revenues	23,907	24,783	3.7	228,543	233,394	2.1
<b>Fuel charge proceeds</b>	0	250	n/a	0	1,273	n/a
<b>Employment Insurance premiums</b>	2,580	2,643	2.4	16,604	17,120	3.1
<b>Other revenues</b>	2,609	2,650	1.6	23,272	24,524	5.4
<b>Total revenues</b>	29,096	30,326	4.2	268,419	276,311	2.9

Note: Totals may not add due to rounding.

## Expenses

Program expenses in January 2020 were \$28.1 billion, down \$0.8 billion, or 2.9%, from January 2019.

- Major transfers to persons, consisting of elderly, EI and children's benefits, were down \$0.2 billion, or 2.4%. This is primarily due to a decrease in EI benefits of \$0.5 billion, or 22.1%, reflecting a change in the timing of payments to provinces and territories under the Labour Market Development Agreements, which fund skills training and employment assistance. Elderly benefits increased by \$0.2 billion, or 5.4%, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. Children's benefits were up \$42 million, or 2.1%.
- Major transfers to other levels of government were down \$7 million, or 0.1%, as legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as an increase in payments under home care and mental health transfers, was offset by a decrease in Gas Tax Fund transfers due to year-over-year timing differences and an increase in recoveries under the Quebec Abatement.
- Direct program expenses were down \$0.6 billion, or 4.4%. Within direct program expenses:
  - Fuel charge proceeds returned reflected \$4 million in payments under the federal carbon pollution pricing system.
  - Other transfer payments decreased by \$40 million, or 0.7%.

- Other direct program expenses, consisting of operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities, decreased by \$0.6 billion, or 4.4%, in large part reflecting decreased expenses relating to claims.

Public debt charges were up \$0.1 billion, or 6.4%, reflecting in part higher monthly Consumer Price Index adjustments on Real Return Bonds.

For the April to January period of 2019–20, program expenses were \$266.7 billion, up \$16.6 billion, or 6.6%, from the same period the previous year.

- Major transfers to persons were up \$2.9 billion, or 3.6%. Elderly benefits increased by \$2.3 billion, or 5.1%, reflecting growth in the elderly population and changes in consumer prices. EI benefits increased by \$0.3 billion, or 2.0%. Children's benefits were up \$0.3 billion, or 1.6%.
- Major transfers to other levels of government were up \$4.9 billion, or 8.0%, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories; an increase in payments under home care and mental health transfers; and, \$1.9 billion in transfers under the new Hibernia Dividend Backed Annuity Agreement reached on April 1, 2019 between Canada and Newfoundland and Labrador.
- Direct program expenses were up \$8.8 billion, or 8.1%. Within direct program expenses:
  - Fuel charge proceeds returned totalled \$1.3 billion.
  - Other transfer payments increased by \$1.9 billion, or 5.4%, reflecting increases across a number of departments.
  - Other direct program expenses increased by \$5.7 billion, or 7.6%, due in large part to an increase in personnel costs.

Public debt charges increased by \$0.6 billion, or 3.2%, largely reflecting higher Consumer Price Index adjustments on Real Return Bonds and a higher average effective interest rate on the stock of Government of Canada treasury bills.

Table 3

**Expenses**

	January		Change	April to January		Change
	2019	2020		2018-19	2019-20	
	(\$ millions)		(%)	(\$ millions)		(%)
<b>Major transfers to persons</b>						
Elderly benefits	4,527	4,772	5.4	44,329	46,586	5.1
Employment Insurance benefits	2,241	1,745	-22.1	15,586	15,890	2.0
Children's benefits	1,961	2,003	2.1	19,913	20,225	1.6
Total major transfers to persons	8,729	8,520	-2.4	79,828	82,701	3.6
<b>Major transfers to other levels of government</b>						
Canada Health Transfer	3,215	3,364	4.6	32,153	33,644	4.6
Canada Social Transfer	1,180	1,215	3.0	11,801	12,155	3.0
Equalization	1,580	1,653	4.6	15,799	16,531	4.6
Territorial Formula Financing	257	268	4.3	3,271	3,411	4.3
Gas Tax Fund	252	41	-83.7	1,894	2,134	12.7
Home care and mental health	0	64	n/a	490	1,079	120.2
Other fiscal arrangements <sup>1</sup>	-335	-463	38.2	-4,190	-2,840	-32.2
Total major transfers to other levels of government	6,149	6,142	-0.1	61,218	66,114	8.0
<b>Direct program expenses</b>						
Fuel charge proceeds returned	0	4	n/a	0	1,285	n/a
Other transfer payments	5,428	5,388	-0.7	34,497	36,367	5.4
Other direct program expenses	8,639	8,062	-6.7	74,511	80,200	7.6
Total direct program expenses	14,067	13,454	-4.4	109,008	117,852	8.1
<b>Total program expenses</b>	28,945	28,116	-2.9	250,054	266,667	6.6
<b>Public debt charges</b>	1,687	1,795	6.4	19,577	20,199	3.2
<b>Total expenses</b>	30,632	29,911	-2.4	269,631	286,866	6.4

Note: Totals may not add due to rounding.

<sup>1</sup> Other fiscal arrangements include the Youth Allowances Recovery and Alternative Payments for Standing Programs, which represent a recovery from Quebec of a tax point transfer; statutory subsidies; payments under the 2005 Offshore Accords; payments to provinces in respect of common securities regulation; transfers under the new Hibernia Dividend Backed Annuity Agreement with Newfoundland and Labrador; and, other items.

The following table presents total expenses by main object of expense.

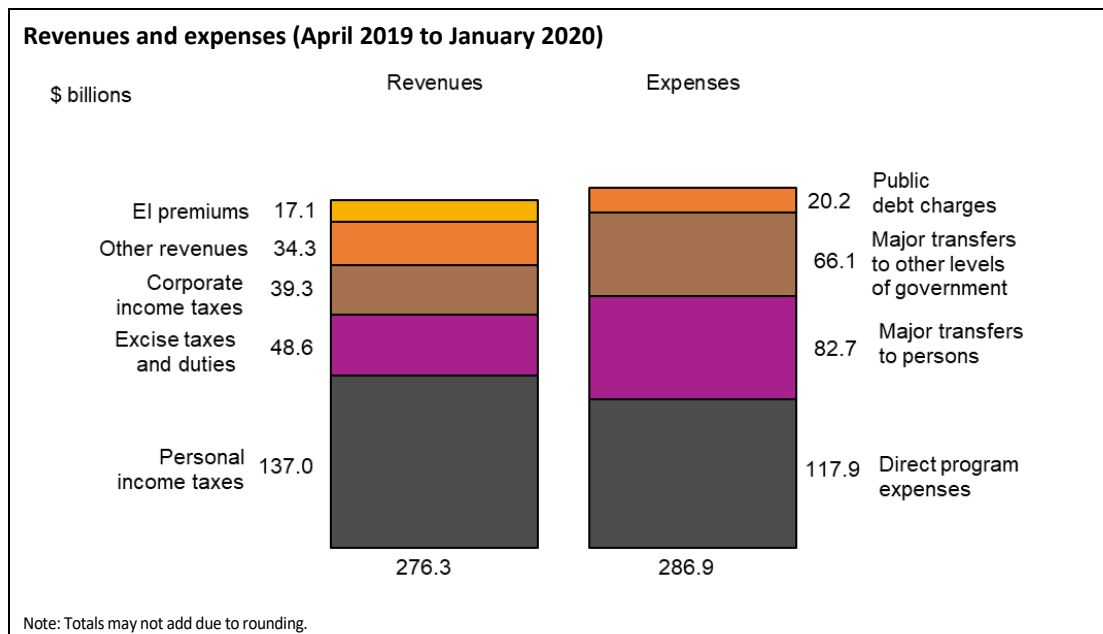


Table 4

**Total expenses by object of expense**

	January			April to January		
	2019	2020	Change	2018-19	2019-20	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	20,306	20,054	-1.2	175,543	186,467	6.2
Other expenses						
Personnel	4,650	5,097	9.6	45,548	50,792	11.5
Transportation and communications	197	209	6.1	2,202	2,177	-1.1
Information	47	29	-38.3	227	248	9.3
Professional and special services	1,034	971	-6.1	8,588	8,912	3.8
Rentals	300	298	-0.7	2,530	2,640	4.3
Repair and maintenance	288	247	-14.2	2,481	2,501	0.8
Utilities, materials and supplies	193	206	6.7	2,010	2,075	3.2
Other subsidies and expenses	1,540	568	-63.1	6,770	6,466	-4.5
Amortization of tangible capital assets	378	427	13.0	4,045	4,270	5.6
Net loss on disposal of assets	12	10	-16.7	110	119	8.2
Total other expenses	8,639	8,062	-6.7	74,511	80,200	7.6
<b>Total program expenses</b>	<b>28,945</b>	<b>28,116</b>	<b>-2.9</b>	<b>250,054</b>	<b>266,667</b>	<b>6.6</b>
<b>Public debt charges</b>	<b>1,687</b>	<b>1,795</b>	<b>6.4</b>	<b>19,577</b>	<b>20,199</b>	<b>3.2</b>
<b>Total expenses</b>	<b>30,632</b>	<b>29,911</b>	<b>-2.4</b>	<b>269,631</b>	<b>286,866</b>	<b>6.4</b>

Note: Totals may not add due to rounding.



## Financial requirement of \$16.5 billion for April 2019 to January 2020

The budgetary balance is presented on an accrual basis of accounting, recording government revenues and expenses when they are earned or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

With a budgetary deficit of \$10.6 billion and a requirement of \$5.9 billion from non-budgetary transactions, there was a financial requirement of \$16.5 billion for the April 2019 to January 2020 period, compared to a financial requirement of \$12.6 billion for the same period the previous year.

Table 5

### The budgetary balance and financial source/requirement

\$ millions

	January		April to December	
	2019	2020	2018-19	2019-20
<b>Budgetary balance (deficit/surplus)</b>	-1,536	415	-1,212	-10,555
<b>Non-budgetary transactions</b>				
Accounts payable, accrued liabilities and accounts receivable	5,462	1,471	2,464	-1,666
Pensions, other future benefits, and other liabilities	458	762	6,399	8,923
Foreign exchange accounts	-1,013	-2,351	-7,449	-1,136
Loans, investments and advances	-1,500	-1,205	-10,946	-10,210
Non-financial assets	-362	-331	-1,841	-1,816
Total non-budgetary transactions	3,045	-1,654	-11,373	-5,905
<b>Financial source/requirement</b>	1,509	-1,239	-12,585	-16,460

Note: Totals may not add due to rounding.

## Net financing activities up \$17.6 billion

The government financed this financial requirement of \$16.5 billion and increased cash balances by \$1.2 billion by increasing unmatured debt by \$17.6 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of January 2020 stood at \$41.2 billion, down \$5.0 billion from their level at the end of January 2019.

Table 6

**Financial source/requirement and net financing activities**

\$ millions

	<b>January</b>		<b>April to January</b>	
	<b>2019</b>	<b>2020</b>	<b>2018–19</b>	<b>2019–20</b>
<b>Financial source/requirement</b>	1,509	-1,239	-12,585	-16,460
<b>Net increase (+)/decrease (-) in financing activities</b>				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	5,006	3,740	3,120	29,729
Treasury bills	-1,100	0	18,100	-9,500
Retail debt	-34	-19	-1,281	-706
Total Canadian currency borrowings	3,872	3,721	19,939	19,523
Foreign currency borrowings	3,522	1,032	4,003	-88
Total market debt transactions	7,394	4,753	23,942	19,435
Cross-currency swap revaluation	-2,999	1,387	-1,195	-1,245
Unamortized discounts and premiums on market debt	32	-74	-1,325	328
Obligations related to capital leases and other unmatured debt	-14	-11	-351	-880
<b>Net change in financing activities</b>	4,413	6,055	21,071	17,638
<b>Change in cash balance</b>	5,922	4,816	8,486	1,178
<b>Cash balance at end of period</b>			46,162	41,181

Note: Totals may not add due to rounding.

## Federal debt

The federal debt, or accumulated deficit, is the difference between the government's total liabilities and total assets. The year-over-year change in the accumulated deficit reflects the year-to-date budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss represents certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises.

The accumulated deficit increased by \$9.8 billion over the April 2019 to January 2020 period, reflecting the \$10.6 billion budgetary deficit, offset in part by \$0.8 billion in other comprehensive income.

Table 7

**Condensed statement of assets and liabilities**

\$ millions

	<b>March 31, 2019</b>	<b>January 31, 2020</b>	<b>Change</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	159,707	157,929	-1,778
Interest-bearing debt			
Unmatured debt		-	
Payable in Canadian currency			
Marketable bonds	569,526	599,255	29,729
Treasury bills	134,300	124,800	-9,500
Retail debt	1,237	531	706
Subtotal	705,063	724,586	19,523
Payable in foreign currencies	16,011	15,923	-88
Cross-currency swap revaluation	7,274	6,029	-1,245
Unamortized discounts and premiums on market debt	2,163	2,491	328
Obligations related to capital leases and other unmaturing debt	6,404	5,524	-880
Total unmaturing debt	736,915	754,553	17,638
Pension and other liabilities			
Public sector pensions	168,782	167,145	-1,637
Other employee and veteran future benefits	113,862	124,438	10,576
Other liabilities	5,905	5,889	-16
Total pension and other liabilities	288,549	297,472	8,923
Total interest-bearing debt	1,025,464	1,052,025	26,561
Total liabilities	1,185,171	1,209,954	24,783
<b>Financial assets</b>			
Cash and accounts receivable	177,041	178,107	1,066
Foreign exchange accounts	99,688	100,824	1,136
Loans, investments, and advances (net of allowances) <sup>1</sup>	133,912	144,890	10,978
Public sector pension assets	2,406	2,406	0
Total financial assets	413,047	426,227	13,180
<b>Net debt</b>	772,124	783,727	11,603
<b>Non-financial assets</b>	86,674	88,490	1,816
<b>Federal debt (accumulated deficit)</b>	685,450	695,237	9,787

Note: Totals may not add due to rounding.

<sup>1</sup> January 31, 2020 amount includes \$0.8 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April 2019 to January 2020 period.

# Notes

1. *The Fiscal Monitor* is a report on the consolidated financial results of the Government of Canada, prepared monthly by the Department of Finance Canada. The government is committed to releasing *The Fiscal Monitor* on a timely basis in accordance with the International Monetary Fund's Special Data Dissemination Standard Plus, which is designed to promote member countries' data transparency and promote the development of sound statistical systems.
2. The financial results reported in *The Fiscal Monitor* are drawn from the accounts of Canada, which are maintained by the Receiver General and used to prepare the annual *Public Accounts of Canada*.
3. *The Fiscal Monitor* is generally prepared in accordance with the same accounting policies as used to prepare the government's annual consolidated financial statements, which are summarized in Section 2 of Volume I of the *Public Accounts of Canada*, available through the Public Services and Procurement Canada website.
4. The financial results presented in *The Fiscal Monitor* have not been audited or reviewed by an external auditor.
5. There can be substantial volatility in monthly results due to the timing of revenue receipts and expense recognition. For instance, a large share of government spending is typically reported in the March *Fiscal Monitor*.
6. The April to March results reported in *The Fiscal Monitor* are not the final results for the fiscal year as a whole. The final results are published in the annual *Public Accounts of Canada* and incorporate post-March end-of-year adjustments made once further information becomes available, including the accrual of tax revenues reflecting assessments of tax returns and valuation adjustments for assets and liabilities. Post-March adjustments may also include the accrual of measures announced in the budget that are recorded upon receipt of Royal Assent of enabling legislation.
7. A Condensed Statement of Assets and Liabilities is included in the monthly *Fiscal Monitor* following the finalization and publication of the government's financial results for the preceding fiscal year, typically in the fall.

Note: Unless otherwise noted, changes in financial results are presented on a year-over-year basis.

For inquiries about this publication, contact Bradley Recker at 613-369-5667.

March 2020