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Canada Ministère des Finances
Canada

THE FISCAL MONITOR

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Financial results for February 2021

Canada

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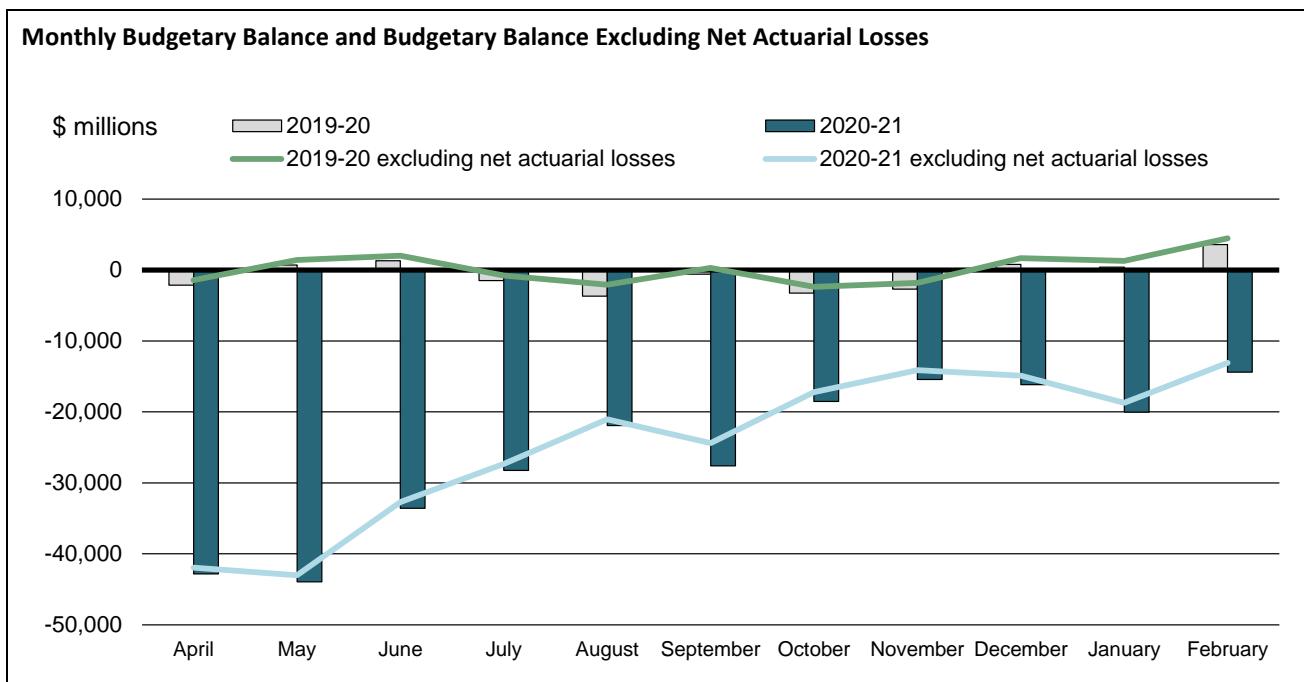
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Highlights

February 2021

There was a budgetary deficit of \$14.4 billion in February 2021, compared to a surplus of \$3.6 billion in February 2020. The budgetary deficit before net actuarial losses was \$13.1 billion, compared to a surplus of \$4.5 billion in February 2020. The budgetary balance before net actuarial losses is a new measure introduced to supplement the traditional budgetary balance and improve the transparency of the government's financial reporting by isolating the impact of the amortization of net actuarial losses arising from the revaluation of the government's pension and other employee future benefit plans.

The government's 2020–21 financial results reflect the economic downturn and temporary measures implemented through the government's Economic Response Plan to support Canadians and businesses facing hardship as a result of the COVID-19 outbreak.



Compared to February 2020:

- Revenues decreased by \$3.0 billion, or 9.3 per cent, driven by decreases in other revenues and tax revenues.
- Program expenses excluding net actuarial losses were up \$15.0 billion, or 58.1 per cent, driven by increased transfers to businesses and individuals as part of the government's COVID-19 response measures.
- Public debt charges were down \$0.4 billion, or 24.2 per cent, largely reflecting lower Consumer Price Index adjustments on Real Return Bonds, lower interest on Government of Canada treasury bills, and lower interest on pension and benefit obligations.
- Net actuarial losses were up \$0.4 billion, or 43.0 per cent, reflecting changes in the actuarial valuations for pensions and benefits, which have increased in large part due to declines in year-end interest rates used in valuing these obligations, as well as increased costs associated with the utilization of disability and other future benefits provided to veterans.

April 2020 to February 2021

For the April to February period of the 2020–21 fiscal year, the government posted a budgetary deficit of \$282.6 billion, compared to a deficit of \$7.0 billion reported for the same period of 2019–20. The budgetary deficit before net actuarial losses was \$268.4 billion, compared to a surplus of \$2.9 billion for the same period of 2019–20.

The unprecedented shift in the government's financial results reflects the severe deterioration in the economic situation and temporary measures implemented through the government's Economic Response Plan to support Canadians and businesses facing hardship as a result of the COVID-19 outbreak during this period.

Compared to fiscal year 2019–20:

- Revenues were down \$43.5 billion, or 14.1 per cent, reflecting a broad-based reduction in other revenues and tax revenues.
- Program expenses excluding net actuarial losses were up \$231.3 billion, or 81.6 per cent, largely reflecting transfers to individuals, businesses, and other levels of government under the Economic Response Plan, including the Canada Emergency Response Benefit (CERB) and Canada Recovery Benefits, the Canada Emergency Wage Subsidy (CEWS), transfers under the Safe Restart Agreement, and the repayment incentive for the Canada Emergency Business Account (CEBA) loans.
- Public debt charges decreased by \$3.5 billion, or 15.8 per cent, largely reflecting lower interest on the government's pension and benefit obligations, lower Consumer Price Index adjustments on Real Return Bonds, and lower interest on treasury bills.
- Net actuarial losses were up \$4.3 billion, or 43.1 per cent, reflecting increases in the value of the government's obligations for pensions and other employee future benefits based on actuarial valuations prepared for the *Public Accounts of Canada 2020*. The increase in net actuarial losses is due in large part to declines in year-end interest rates used in valuing these obligations, as well as increased costs associated with the utilization of disability and other future benefits provided to veterans.

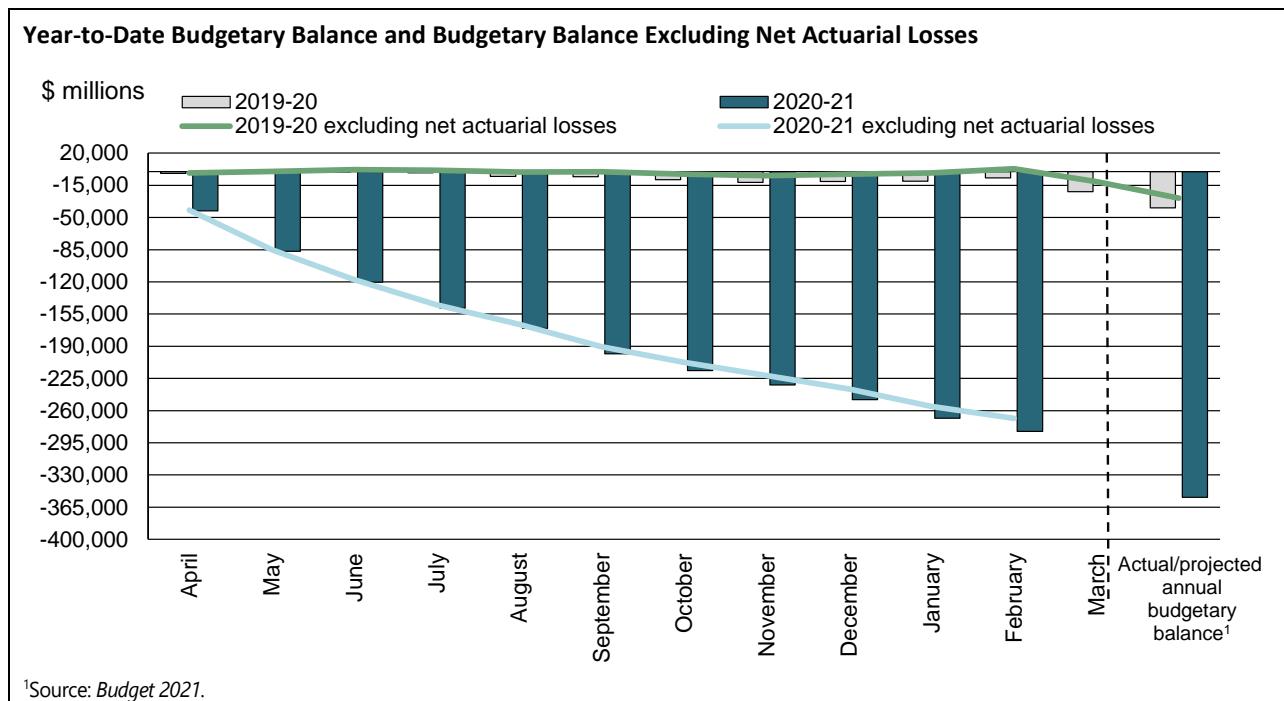


Table 1
Summary statement of transactions

	February		April to February	
	2020	2021	2019-20	2020-21
Budgetary transactions				
Revenues	32,159	29,177	308,470	264,949
Expenses				
Program expenses, excluding net actuarial losses ¹	-25,862	-40,887	-283,561	-514,838
Public debt charges	-1,823	-1,381	-22,022	-18,550
Budgetary balance, excluding net actuarial losses ¹	4,474	-13,091	2,887	-268,439
Net actuarial losses ¹	-897	-1,283	-9,865	-14,116
Budgetary balance (deficit/surplus)	3,577	-14,374	-6,978	-282,555
Non-budgetary transactions				
Financial source/requirement	-7,280	1,266	-13,186	-38,313
Net change in financing activities	-3,703	-13,108	-20,164	-320,868
Net change in cash balances	9,487	7,245	27,125	344,443
Cash balance at end of period	5,784	-5,863	6,961	23,575
			46,965	68,254

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

¹ Comparative figures and figures for April to August 2020 have been reclassified to conform to the presentation used in the *Annual Financial Report of the Government of Canada 2019-2020*. Information regarding this reclassification can be found in Note 8 at the end of this document.

Revenues

Revenues in 2020–21 have been affected by the economic impacts of the COVID-19 crisis and by measures introduced under the government's Economic Response Plan, such as tax deferrals and the one-time Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit payment. However, due to challenges in isolating these impacts from underlying economic activity, it is not possible to provide an accurate measure of the impact of COVID-19 on federal revenues.

Revenues in February 2021 totalled \$29.2 billion, down \$3.0 billion, or 9.3 per cent, from February 2020.

- Tax revenues decreased by \$1.2 billion, or 4.7 per cent, driven by a decrease in personal income tax revenues reflecting the continuing impact of COVID-19 on the labour market.
- Employment Insurance (EI) premium revenues were up \$9 million, or 0.3 per cent.
- Assessed fuel charge proceeds under the federal carbon pollution pricing system were down \$14 million, or 3.3 per cent.
- Other revenues, consisting of enterprise Crown corporations' net profits, sales of goods and services, returns on investments, and net foreign exchange revenues, were down \$1.7 billion, or 69.0 per cent. This decrease largely reflects lower profits from the Bank of Canada, and lower revenues from interest and penalties. The decrease in Bank of Canada profits is attributable to the Bank's secondary market purchases of Government of Canada securities to support liquidity in financial markets. Under public sector accounting standards, premiums paid on these bond purchases are expensed immediately, which more than offsets interest earned on the securities during the month.

For the April to February period of 2020–21, revenues were \$264.9 billion, down \$43.5 billion, or 14.1 per cent, from the same period the previous year.

- Tax revenues decreased by \$17.7 billion, or 6.8 per cent, driven largely by declines in GST and corporate income tax revenues, reflecting COVID-19 impacts and related measures such as the one-time additional GST/HST credit payment. For its part, the federal portion of assessed cannabis excise duties increased by \$55 million to \$94 million over the April to February period.
- EI premium revenues were down \$0.2 billion, or 1.1 per cent.
- Assessed fuel charge proceeds were up \$1.8 billion, or 107.1 per cent, driven by the addition of Alberta to the fuel charge system and a higher carbon pollution price in 2020.
- Other revenues were down \$27.4 billion, or 101.3 per cent, largely reflecting the up-front expensing of premiums paid by the Bank of Canada on its secondary market purchases of Government of Canada securities, as well as lower profits from other enterprise Crown corporations and lower revenues from interest and penalties.

Table 2

Revenues

	February		Change (%)	April to February		Change (%)	
	2020	2021		2019–20	2020–21		
	(\$ millions)			(\$ millions)			
Tax revenues							
Income taxes							
Personal	15,202	13,434	-11.6	152,151	150,509	-1.1	
Corporate	7,200	7,370	2.4	46,534	43,205	-7.2	
Non-resident	692	753	8.8	9,187	7,794	-15.2	
Total income tax revenues	23,094	21,557	-6.7	207,872	201,508	-3.1	
Other taxes and duties							
Goods and Services Tax	2,301	2,601	13.0	36,487	27,314	-25.1	
Energy taxes	466	419	-10.1	5,302	4,574	-13.7	
Customs import duties	293	344	17.4	4,597	3,716	-19.2	
Other excise taxes and duties	445	433	-2.7	5,734	5,152	-10.1	
Total excise taxes and duties	3,505	3,797	8.3	52,120	40,756	-21.8	
Total tax revenues	26,599	25,354	-4.7	259,992	242,264	-6.8	
Fuel charge proceeds	430	416	-3.3	1,702	3,524	107.1	
Employment Insurance premiums	2,620	2,629	0.3	19,741	19,514	-1.1	
Other revenues	2,510	778	-69.0	27,035	-353	-101.3	
Total revenues	32,159	29,177	-9.3	308,470	264,949	-14.1	

Note: Totals may not add due to rounding.

Expenses

Program expenses in 2020–21 have been significantly impacted by spending measures under the Economic Response Plan, including the CERB, the CEWS, the Safe Restart Agreement, the repayment incentive under the CEBA, the Canada Recovery Benefits, the Canada Emergency Student Benefit (CESB), and the Canada Emergency Rent Subsidy (CERS) program. Further information regarding these measures is provided below.

Program expenses excluding net actuarial losses in February 2021 were \$40.9 billion, up \$15.0 billion, or 58.1 per cent, from February 2020.

- Major transfers to persons, consisting of elderly benefits, EI benefits, the CERB and Canada Recovery Benefits, and children's benefits, were up \$5.3 billion or 60.2 per cent.
 - Elderly benefits increased by \$0.1 billion, or 2.9 per cent.
 - EI benefits increased by \$2.3 billion, or 114.9 per cent, reflecting higher unemployment from the crisis and temporary changes to the EI program to improve access.
 - Canada Recovery Benefits and CERB payments to individuals processed outside of the Employment Insurance Operating Account totalled \$2.8 billion. Canada Recovery Benefits include the Canada Recovery Benefit, the Canada Recovery Sickness Benefit, and the Canada Recovery Caregiving Benefit, which are income support programs introduced under Canada's COVID-19 Economic Response Plan.
 - Children's benefits were up \$0.1 billion, or 3.7 per cent.

- Major transfers to other levels of government were up \$0.4 billion, or 7.1 per cent, primarily reflecting transfers to provinces and territories under the Safe Return to Class Fund and legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers, and transfers to the territories.
- Direct program expenses were up \$9.3 billion, or 84.4 per cent. Within direct program expenses:
 - Fuel charge proceeds returned decreased by \$38 million, or 15.1 per cent.
 - The CEWS reflects \$4.9 billion in payments to eligible employers under Canada's COVID-19 Economic Response Plan.
 - Other transfer payments increased by \$2.1 billion, or 56.4 per cent, largely reflecting COVID-19 response measures, such as the CERS and CEBA programs.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$2.3 billion, or 33.4 per cent, in large part due to purchases of medical and personal protective equipment in response to the COVID-19 crisis.

Public debt charges decreased by \$0.4 billion, or 24.2 per cent, largely reflecting lower Consumer Price Index adjustments on Real Return Bonds, lower interest on Government of Canada treasury bills, and lower interest on pension and benefit obligations.

Net actuarial losses, which represent the amortization of changes in the value of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years, increased by \$0.4 billion, or 43.0 per cent, in large part due to declines in year-end interest rates used in valuing these obligations, as well as increased costs associated with the utilization of disability and other future benefits provided to veterans.

For the April to February period of 2020–21, program expenses excluding net actuarial losses were \$514.8 billion, up \$231.3 billion, or 81.6 per cent, from the same period the previous year.

- Major transfers to persons, consisting of elderly benefits, EI benefits, the CERB and Canada Recovery Benefits, and children's benefits, were up \$96.8 billion or 105.8 per cent.
 - Elderly benefits increased by \$2.4 billion, or 4.7 per cent, largely reflecting growth in the number of recipients.
 - EI benefits increased by \$38.5 billion, or 215.0 per cent, due to higher unemployment resulting from the crisis and temporary changes to the EI program to improve access. EI benefits included \$27.5 billion in CERB benefits processed through the Employment Insurance Operating Account.
 - Canada Recovery Benefits and CERB payments to individuals processed outside of the Employment Insurance Operating Account totalled \$53.4 billion.
 - Children's benefits were up \$2.5 billion, or 11.2 per cent, largely reflecting the one-time increase to the May 2020 Canada Child Benefit payment.
- Major transfers to other levels of government were up \$19.9 billion, or 27.5 per cent, largely reflecting transfers under the Safe Restart Agreement; legislated growth in 2020–21 in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers, and transfers to the territories; transfers through the COVID-19 Essential Workers Support Fund and the Safe Return to Class Fund; and funding to clean up orphan and inactive oil and gas wells. These increases were offset in part by a \$1.9-billion expense recorded in April 2019 resulting from the Hibernia Dividend Backed Annuity Agreement between Canada and Newfoundland and Labrador, which did not recur in 2020–21.

- Direct program expenses were up \$114.6 billion, or 95.6 per cent. Within direct program expenses:
 - Fuel charge proceeds returned increased by \$1.5 billion, or 97.1 per cent, largely reflecting the continued administration of Climate Action Incentive payments, at an increased rate, for the 2019 tax year.
 - The CEWS accounted for \$71.2 billion in payments to eligible employers.
 - Other transfer payments increased by \$34.8 billion, or 86.7 per cent, largely reflecting a number of COVID-19 response measures, including the repayment incentive under the CEBA, transfers to students under the CESB, support for seniors to cover increased costs as a result of COVID-19, and payments under the CERS program.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$7.1 billion, or 9.1 per cent, reflecting in large part purchases of medical and personal protective equipment in response to the COVID-19 crisis and increased current service costs for pensions and other employee future benefits based on updated actuarial valuations.

Public debt charges decreased by \$3.5 billion, or 15.8 per cent, primarily reflecting lower interest on pension and benefit obligations, lower Consumer Price Index adjustments on Real Return Bonds, and lower interest on Government of Canada treasury bills.

Net actuarial losses increased by \$4.3 billion, or 43.1 per cent, reflecting increases in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years. The increase in net actuarial losses is due in large part to declines in year-end interest rates used in valuing these obligations and increased costs associated with the utilization of disability and other future benefits provided to veterans.

Table 3
Expenses

	February		April to February		
	2020	2021	Change	2019–20	2020–21
	(\$ millions)	(%)		(\$ millions)	(%)
Major transfers to persons					
Elderly benefits	4,786	4,925	2.9	51,372	53,767
Employment Insurance benefits ¹	2,020	4,341	114.9	17,910	56,416
Canada Emergency Response Benefit and Canada Recovery Benefits ¹		2,788	n/a		53,437
Children's benefits	2,034	2,109	3.7	22,259	24,741
Total major transfers to persons	8,840	14,163	60.2	91,541	188,361
Major transfers to other levels of government					
Canada Health Transfer	3,364	3,489	3.7	37,008	38,381
Canada Social Transfer	1,215	1,252	3.0	13,370	13,771
Equalization	1,653	1,714	3.7	18,195	18,858
Territorial Formula Financing	268	284	6.0	3,680	3,896
Gas Tax Fund	28	-	-100.0	2,162	2,170
Home care and mental health	1	1	0.0	1,080	1,249
Other fiscal arrangements ²	-504	-290	42.5	-3,356	13,687
Total major transfers to other levels of government	6,025	6,450	7.1	72,139	92,012
Direct program expenses³					
Fuel charge proceeds returned	252	214	-15.1	1,536	3,027
Canada Emergency Wage Subsidy		4,862	n/a		71,239
Other transfer payments	3,740	5,850	56.4	40,107	74,877
Operating expenses	7,005	9,348	33.4	78,238	85,322
Total direct program expenses	10,997	20,274	84.4	119,881	234,465
Total program expenses, excluding net actuarial losses³					
	25,862	40,887	58.1	283,561	514,838
Public debt charges					
	1,823	1,381	-24.2	22,022	18,550
Total expenses, excluding net actuarial losses³					
	27,685	42,268	52.7	305,583	533,388
Net actuarial losses ³	897	1,283	43.0	9,865	14,116
Total expenses	28,582	43,551	52.4	315,448	547,504
Note: Totals may not add due to rounding.					

¹ Figures for April to August 2020 have been reclassified to conform to the presentation used in the *Annual Financial Report of the Government of Canada 2019–2020*. Information regarding this reclassification can be found in Note 8 at the end of this document.

² 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; the COVID-19 Essential Workers Support Fund; transfers under the Safe Restart Agreement; and, other items.

³ Comparative figures and figures for April to August 2020 have been reclassified to conform to the presentation used in the *Annual Financial Report of the Government of Canada 2019–2020*. Information regarding this reclassification can be found in Note 8 at the end of this document.

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

Table 4

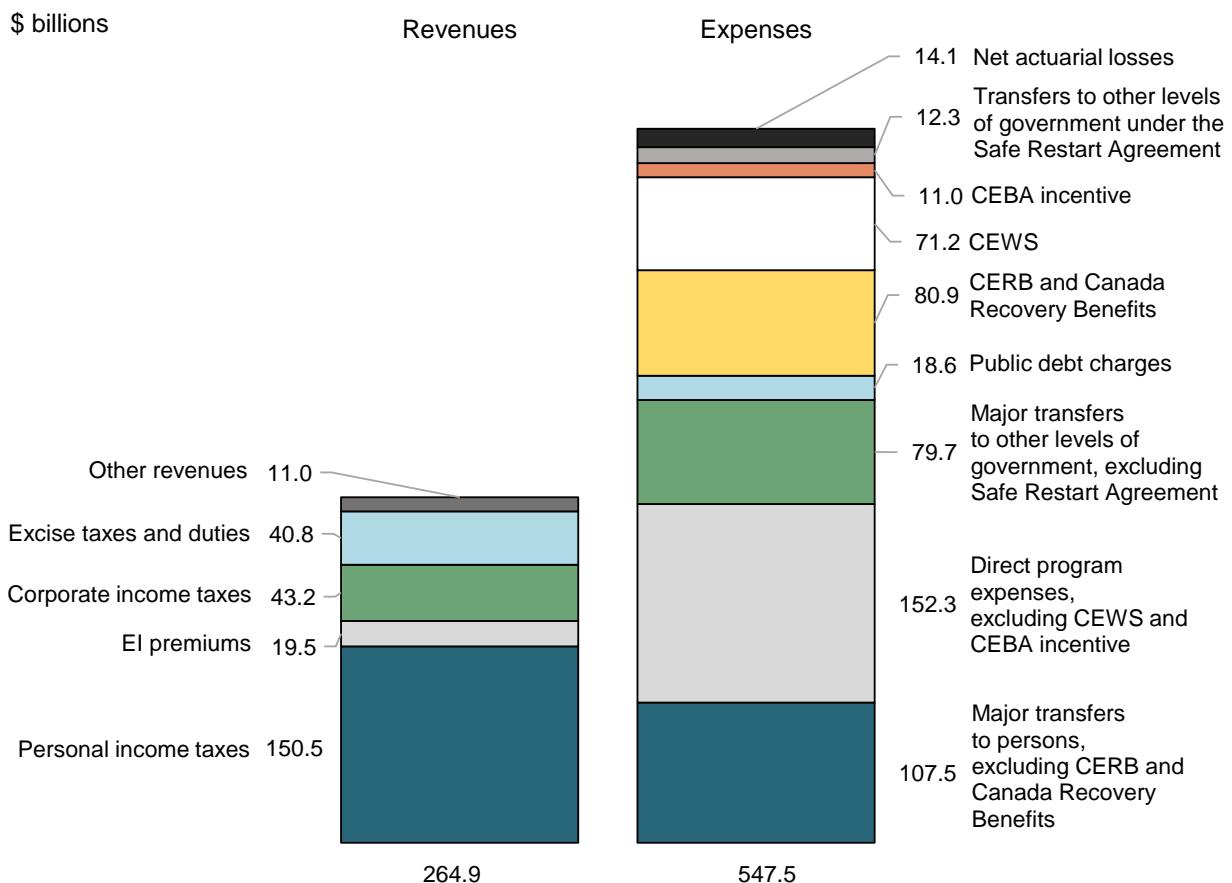
Total expenses by object of expense

	February			April to February		
	2020	2021	Change	2019–20	2020–21	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	18,857	31,539	67.3	205,323	429,516	109.2
Other expenses						
Personnel, excluding net actuarial losses ¹	4,124	4,787	16.1	45,948	49,943	8.7
Transportation and communications	243	177	-27.2	2,420	1,585	-34.5
Information	33	56	69.7	281	363	29.2
Professional and special services	1,039	1,036	-0.3	9,951	10,073	1.2
Rentals	234	224	-4.3	2,875	3,024	5.2
Repair and maintenance	292	277	-5.1	2,793	2,603	-6.8
Utilities, materials and supplies	273	1,652	505.1	2,348	6,495	176.6
Other subsidies and expenses	300	669	123.0	6,766	6,199	-8.4
Amortization of tangible capital assets	461	463	0.4	4,730	4,938	4.4
Net loss on disposal of assets	6	7	16.7	126	99	-21.4
Total other expenses	7,005	9,348	33.4	78,238	85,322	9.1
Total program expenses, excluding net actuarial losses¹	25,862	40,887	58.1	283,561	514,838	81.6
Public debt charges	1,823	1,381	-24.2	22,022	18,550	-15.8
Total expenses, excluding net actuarial losses¹	27,685	42,268	52.7	305,583	533,388	74.5
Net actuarial losses ¹	897	1,283	43.0	9,865	14,116	43.1
Total expenses	28,582	43,551	52.4	315,448	547,504	73.6

Note: Totals may not add due to rounding.

¹ Comparative figures and figures for April to August 2020 have been reclassified to conform to the presentation used in the *Annual Financial Report of the Government of Canada 2019–2020*. Information regarding this reclassification can be found in Note 8 at the end of this document.

Revenues and expenses (April 2020 to February 2021)



Note: Totals may not add due to rounding.

Financial requirement of \$320.9 billion for April 2020 to February 2021

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 \$282.6 billion and a requirement of \$38.3 billion from non-budgetary transactions, there was a financial requirement of \$320.9 billion for the April 2020 to February 2021 period, compared to a financial requirement of \$20.2 billion for the same period of the previous year.

The increased financial requirement from non-budgetary transactions over the April 2020 to February 2021 period was mainly driven by changes in loans, investments and advances, largely reflecting loans advanced under the CEBA program.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	February		April to February	
	2020	2021	2019–20	2020–21
Budgetary balance (deficit/surplus)	3,577	-14,374	-6,978	-282,555
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	-6,120	-3,814	-7,788	-19,980
Pensions, other future benefits, and other liabilities	1,091	1,434	10,015	14,826
Foreign exchange accounts	-1,848	2,782	-2,984	7,921
Loans, investments and advances	-290	66	-10,500	-37,573
Non-financial assets	-113	798	-1,929	-3,507
Total non-budgetary transactions	-7,280	1,266	-13,186	-38,313
Financial source/requirement	-3,703	-13,108	-20,164	-320,868

Note: Totals may not add due to rounding.

Net financing activities up \$344.4 billion

The government financed this financial requirement of \$320.9 billion and increased cash balances by \$23.6 billion by increasing unmatured debt by \$344.4 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds and treasury bills.

Cash balances at the end of February 2021 stood at \$68.3 billion, up \$23.6 billion from their level at the end of March 2020. The significant increase in the cash balance largely reflects borrowings undertaken to meet the government's projected financial requirements under the COVID-19 Economic Response Plan.

Table 6

Financial source/requirement and net financing activities

\$ millions

	February		April to February	
	2020	2021	2019–20	2020–21
Financial source/requirement	-3,703	-13,108	-20,164	-320,868
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	5,838	15,763	35,568	265,103
Treasury bills	2,300	-6,900	-7,200	78,733
Retail debt	-17	-3	-722	-195
Total Canadian currency borrowings	8,121	8,860	27,646	343,641
Foreign currency borrowings	422	-516	333	710
Total market debt transactions	8,543	8,344	27,979	344,351
Cross-currency swap revaluation	908	-843	-337	-8,039
Unamortized discounts and premiums on market debt	30	-238	358	8,353
Obligations related to capital leases and other unmatured debt	6	-18	-875	-222
Net change in financing activities	9,487	7,245	27,125	344,443
Change in cash balance	5,784	-5,863	6,961	23,575
Cash balance at end of period			46,965	68,254

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 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 \$286.0 billion over the April 2020 to February 2021 period, reflecting the \$282.6-billion budgetary deficit and \$3.4 billion in other comprehensive losses.

Table 7

Condensed statement of assets and liabilities

\$ millions

	March 31, 2020	February 28, 2021	Change
Liabilities			
Accounts payable and accrued liabilities	163,833	159,724	-4,109
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	596,864	861,967	265,103
Treasury bills	151,867	230,600	78,733
Retail debt	497	302	-195
Subtotal	749,228	1,092,869	343,641
Payable in foreign currencies	15,941	16,651	710
Cross-currency swap revaluation	10,592	2,553	-8,039
Unamortized discounts and premiums on market debt	2,487	10,840	8,353
Obligations related to capital leases and other unmatured debt	5,503	5,281	-222
Total unmatured debt	783,751	1,128,194	344,443
Pension and other liabilities			
Public sector pensions	168,596	167,775	-821
Other employee and veteran future benefits	126,378	142,076	15,698
Other liabilities	6,051	6,000	-51
Total pension and other liabilities	301,025	315,851	14,826
Total interest-bearing debt	1,084,776	1,444,045	359,269
Total liabilities	1,248,609	1,603,769	355,160
Financial assets			
Cash and accounts receivable	173,715	213,161	39,446
Foreign exchange accounts	104,903	96,982	-7,921
Loans, investments, and advances (net of allowances) ¹	152,502	186,653	34,151
Public sector pension assets	4,598	4,598	-
Total financial assets	435,718	501,394	65,676
Net debt	812,891	1,102,375	289,484
Non-financial assets	91,531	95,038	3,507
Federal debt (accumulated deficit)	721,360	1,007,337	285,977

Note: Totals may not add due to rounding.

¹ February 28, 2021 amount includes \$3.4 billion in other comprehensive losses from enterprise Crown corporations and other government business enterprises for the April 2020 to February 2021 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 Standards Plus, which are 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. Table 7, 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.
8. The Department of Finance Canada has changed the presentation of the financial results in *The Fiscal Monitor* to: (a) separately present the recognition of actuarial gains and losses related to public sector pensions and other employee and veteran future benefits; and, (b) reflect CERB benefits paid to individuals processed through the Employment Insurance Operating Account within EI benefits. This new format is aligned with the presentation adopted in the Condensed Consolidated Statement of Operations and Accumulated Deficit in the *Annual Financial Report of the Government of Canada 2019–2020*.
 - a. Actuarial gains and losses were previously reported as part of direct program expenses, but are now presented in a new line item titled "Net actuarial losses". A new subtotal line titled "Budgetary balance, excluding net actuarial losses" has also been added. The purpose of this revised presentation is to enhance financial reporting and decision making for users by isolating the impacts of re-measurements of public sector pension and other employee and veteran future benefit obligations, which are often significant and can potentially mask underlying events and trends in current government spending. Results for April to August 2020 and comparative figures for the prior year have been reclassified to conform to this new presentation. Further details regarding this change in presentation can be found in the *Annual Financial Report of the Government of Canada 2019–2020*, available on the Department of Finance Canada website.
 - b. CERB payments processed through the Employment Insurance Operating Account were previously reported in *The Fiscal Monitor* within the line item titled "Canada Emergency Response Benefit", but are now presented in the line item "Employment Insurance benefits". Results for April to August 2020 have been reclassified to conform to this new presentation.

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

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