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Financial Results for November 2022

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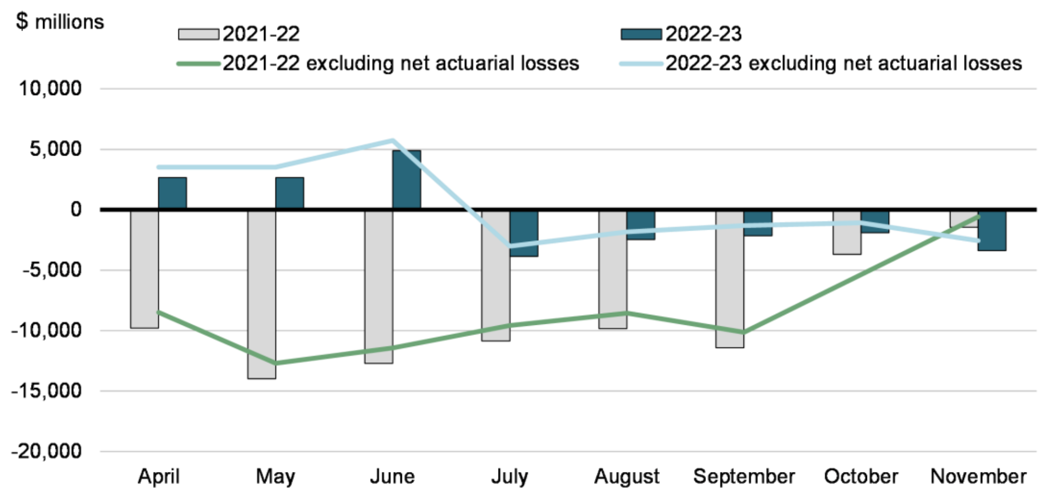
Highlights

November 2022

There was a budgetary deficit of $3.4 billion in November 2022, compared to a deficit of $1.4 billion in November 2021. The budgetary deficit before net actuarial losses was $2.6 billion, compared to a deficit of $0.6 billion in the same period of 2021-22. The budgetary balance before net actuarial losses is intended 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.

Chart 1
Monthly Budgetary Balance and Budgetary Balance Excluding Net Actuarial Losses



Compared to November 2021:

- Revenues decreased by $1.0 billion, or 3.3 per cent.
- Program expenses excluding net actuarial losses were up $0.1 billion, or 0.2 per cent.
- Public debt charges were up $0.9 billion, or 45.1 per cent, primarily driven by higher interest rates.
- Net actuarial losses were down $40 million, or 4.7 per cent.

April to November 2022

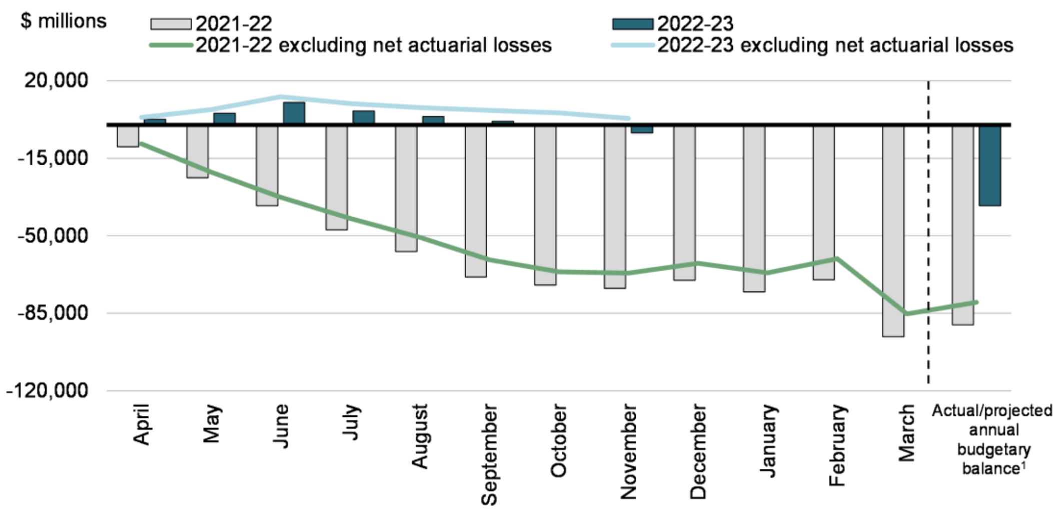
The government posted a budgetary deficit of $3.6 billion for the April to November period of the 2022-23 fiscal year, compared to a deficit of $73.7 billion reported for the same period of 2021-22. The budgetary surplus before net actuarial losses was $3.0 billion, compared to a deficit of $66.8 billion in the April to November period of 2021-22.

Compared to 2021-22:

- Revenues were up $35.5 billion, or 14.8 per cent, reflecting broad-based improvement across revenue streams due to economic growth and the waning fiscal and economic impact of COVID-19.
- Program expenses excluding net actuarial losses were down $40.4 billion, or 13.9 per cent, largely reflecting lower transfers to individuals and businesses due to expiring temporary COVID-19 measures.
- Public debt charges increased by $6.1 billion, or 36.8 per cent, reflecting higher interest rates and higher Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by $0.3 billion, or 4.7 per cent.

Chart 2

Year-to-Date Budgetary Balance and Budgetary Balance Excluding Net Actuarial Losses



[1] Sources: *Annual Financial Report of the Government of Canada 2021-2022*; *Fall Economic Statement 2022*.

Table 1
Summary statement of transactions
$ millions

	November		April to November	
	2021	2022	2021-22	2022-23
Budgetary transactions				
Revenues	31,868	30,832	239,197	274,712
Expenses				
Program expenses, excluding net actuarial losses	-30,494	-30,552	-289,548	-249,180
Public debt charges	-1,957	-2,839	-16,464	-22,526
Budgetary balance, excluding net actuarial losses	-583	-2,559	-66,815	3,006
Net actuarial losses	-860	-820	-6,880	-6,560
Budgetary balance (deficit/surplus)	-1,443	-3,379	-73,695	-3,554
Non-budgetary transactions	-2,859	-2,690	-25,742	-33,754
Financial source/requirement	-4,302	-6,069	-99,437	-37,308
Net change in financing activities	1,095	-24,440	97,973	9,126
Net change in cash balances	-3,207	-30,509	-1,464	-28,182
Cash balance at end of period			57,926	64,080

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

Revenues

Revenues in November 2022 totalled $30.8 billion, down $1.0 billion, or 3.3 per cent, from November 2021.

- Tax revenues decreased by $2.0 billion, or 7.1 per cent, compared to the same period in 2021-22, reflecting the cost of the temporary doubling of the Goods and Services Tax Credit.
- Proceeds from the pollution pricing framework were up $0.2 billion, or 49.3 per cent, reflecting higher carbon pollution pricing in 2022.
- Employment Insurance (EI) premium revenues were up $0.2 billion, or 13.7 per cent, reflecting better labour market conditions.
- Other revenues, consisting of enterprise Crown corporations' net profits, sales of goods and services, returns on investments and net foreign exchange revenues, were up $0.5 billion, or 23.4 per cent.

Revenues for the April to November period of 2022-23 totalled $274.7 billion, up $35.5 billion, or 14.8 per cent, from the same period in 2021-22.

- Tax revenues increased by $28.1 billion, or 13.8 per cent, compared to the same period in 2021-22 when COVID-19 restrictions weighed on revenue, as well as due to strong economic growth this year. For its part, the federal portion of assessed cannabis excise duties increased by $24 million to $125 million over the April to November period.
- Proceeds from the pollution pricing framework were up $1.3 billion, or 37.5 per cent, reflecting higher carbon pollution pricing in 2022.
- EI premium revenues were up $1.7 billion, or 12.1 per cent, reflecting better labour market conditions.
- Other revenues were up $4.4 billion, or 25.5 per cent, due to economic improvement and normalization following COVID-19 and higher interest rates.

Table 2
Revenues

	November		Change	April to November		Change
	2021	2022		2021-22	2022-23	
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal	14,557	15,238	4.7	115,451	123,717	7.2
Corporate	6,781	6,578	-3.0	40,815	54,507	33.5
Non-resident	605	1,161	91.9	5,711	8,632	51.1
Total income tax revenues	21,943	22,977	4.7	161,977	186,856	15.4
Other taxes and duties						
Goods and Services Tax	4,567	1,405	-69.2	31,473	33,449	6.3
Energy taxes	473	581	22.8	3,526	3,778	7.1
Customs import duties	431	500	16.0	3,628	4,387	20.9
Other excise taxes and duties	507	480	-5.3	3,942	4,220	7.1
Total excise taxes and duties	5,978	2,966	-50.4	42,569	45,834	7.7
Total tax revenues	27,921	25,943	-7.1	204,546	232,690	13.8
Proceeds from the pollution pricing framework	493	736	49.3	3,508	4,824	37.5
Employment Insurance premiums	1,113	1,265	13.7	14,056	15,759	12.1
Other revenues	2,341	2,888	23.4	17,087	21,439	25.5
Total revenues	31,868	30,832	-3.3	239,197	274,712	14.8

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in November 2022 were $30.6 billion, up $0.1 billion, or 0.2 per cent, from November 2021.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were down $0.9 billion or 8.6 per cent.
  - Elderly benefits increased by $0.8 billion, or 16.1 per cent, reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients. In addition, as announced in Budget 2021 and implemented in July 2022, the Old Age Security pension has permanently increased by 10 per cent for seniors aged 75 and over.
  - EI benefits decreased by $1.2 billion, or 47.9 per cent, reflecting improved labour market conditions.
  - COVID-19 income support for workers decreased $0.5 billion, or 99.6 per cent, reflecting the wind-down of the Canada Recovery Benefit, Canada Recovery Sickness Benefit, and Canada Recovery Caregiving Benefit.
  - Children's benefits were up $24 million, or 1.2 per cent.
- Major transfers to other levels of government were down $0.4 billion, or 5.1 per cent, largely reflecting year-over-year timing differences for Canada-wide early learning and child care transfers, home care and mental health transfers, and Canada Community-Building Fund payments, as well as the inclusion of funding for safe long-term care delivered through home care and mental health transfers in 2021-22.
- Proceeds from the pollution pricing framework returned increased by $35 million, or 112.9 per cent. Direct proceeds will continue to be fully returned in the provinces or territories where they are generated.

- Direct program expenses were up $1.3 billion, or 10.6 per cent. Within direct program expenses:
  - Canada Emergency Wage Subsidy (CEWS) payments decreased by $0.3 billion, or 108.3 per cent, reflecting the end of the program and reassessments of previous returns.
  - Other transfer payments decreased by $0.6 billion, or 15.4 per cent, primarily driven by lower provisions for disaster assistance as a result of revised estimates.
  - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $2.2 billion, or 26.7 per cent, reflecting a number of factors, including increased public health care and personnel expenses.

Public debt charges increased $0.9 billion, or 45.1 per cent, primarily driven by higher interest rates.

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 and related assets, were down $40 million, or 4.7 per cent.

For the April to November period of 2022-23, program expenses excluding net actuarial losses were $249.2 billion, down $40.4 billion, or 13.9 per cent, from the same period the previous year.

- Major transfers to persons were down $28.3 billion or 27.3 per cent.
  - Elderly benefits increased by $4.8 billion, or 11.9 per cent, largely reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed. In addition, as of July 2022, the Old Age Security pension has permanently increased by 10 per cent for seniors aged 75 and over.
  - EI benefits decreased by $15.7 billion, or 53.3 per cent, reflecting improved labour market conditions.
  - COVID-19 income support for workers decreased $15.7 billion, or 98.5 per cent, primarily reflecting the wind-down of the Canada Recovery Benefit, Canada Recovery Sickness Benefit, and Canada Recovery Caregiving Benefit.
  - Children's benefits were down $1.7 billion, or 9.6 per cent, largely reflecting the temporary Canada Child Benefit young child supplement in 2021-22.
- Major transfers to other levels of government were up $1.5 billion, or 2.7 per cent, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, and the timing of and increased funding for Canada-wide early learning and child care transfers. These increases were offset in part by year-over-year differences in the timing and funding level of home care and mental health transfers, the timing of Canada Community-Building Fund transfers, and the amount to be recovered under the Quebec Abatement.
- Proceeds from the pollution pricing framework returned increased by $1.2 billion, or 34.0 per cent, reflecting an increase in the rate of the Climate Action Incentive as well as the change in the delivery of the Climate Action Incentive, from annually on personal income tax returns to a quarterly benefit.

- Direct program expenses were down $14.8 billion, or 11.8 per cent. Within direct program expenses:
  - CEWS payments decreased by $19.8 billion, or 100.7 per cent, reflecting the end of the program and reassessments of previous returns.
  - Other transfer payments decreased by $1.1 billion, or 2.6 per cent, in large part reflecting the wind-down of temporary COVID-19 response measures, a one-time payment to seniors aged 75 and older in August 2021, and lower provisions for disaster assistance in the current year. These decreases were offset in part by an increase in transfers in respect of Indigenous Peoples and international assistance in 2022-23.
  - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $6.0 billion, or 9.2 per cent, reflecting a number of factors, including increased personnel and public health care expenses.

Public debt charges increased by $6.1 billion, or 36.8 per cent, reflecting higher interest rates and higher Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by $0.3 billion, or 4.7 per cent.

Table 3

Expenses

	November			April to November		
	2021	2022	Change	2021-22	2022-23	Change
	($ millions)		(%)	($ millions)		(%)
Major transfers to persons						
Elderly benefits	5,186	6,022	16.1	40,362	45,159	11.9
Employment Insurance benefits	2,535	1,322	-47.9	29,446	13,750	-53.3
COVID-19 income support for workers[1]	536	2	-99.6	15,907	246	-98.5
Children's benefits	2,071	2,095	1.2	18,038	16,300	-9.6
Total major transfers to persons	10,328	9,441	-8.6	103,753	75,455	-27.3
Major transfers to other levels of government						
Canada Health Transfer	3,594	3,767	4.8	28,751	30,138	4.8
Canada Social Transfer	1,289	1,328	3.0	10,316	10,625	3.0
Equalization	1,743	1,827	4.8	13,941	14,613	4.8
Territorial Formula Financing	298	310	4.0	3,189	3,314	3.9
Canada-wide early learning and child care	688	-	-100.0	688	2,219	222.5
Canada Community-Building Fund	-	683	n/a	2,320	1,817	-21.7
Home care and mental health	745	133	-82.1	1,576	269	-82.9
Other fiscal arrangements[2]	-527	-615	-16.7	-4,177	-4,875	-16.7
Total major transfers to other levels of government	7,830	7,433	-5.1	56,604	58,120	2.7
Proceeds from the pollution pricing framework returned	31	66	112.9	3,657	4,902	34.0
Direct program expenses						
Canada Emergency Wage Subsidy	254	-21	-108.3	19,617	-143	-100.7
Other transfer payments	3,890	3,291	-15.4	40,559	39,485	-2.6
Operating expenses	8,161	10,342	26.7	65,358	71,361	9.2
Total direct program expenses	12,305	13,612	10.6	125,534	110,703	-11.8
Total program expenses, excluding net actuarial losses	30,494	30,552	0.2	289,548	249,180	-13.9
Public debt charges	1,957	2,839	45.1	16,464	22,526	36.8
Total expenses, excluding net actuarial losses	32,451	33,391	2.9	306,012	271,706	-11.2
Net actuarial losses	860	820	-4.7	6,880	6,560	-4.7
Total expenses	33,311	34,211	2.7	312,892	278,266	-11.1

Note: Totals may not add due to rounding.

[1] COVID-19 income support for workers includes the Canada Recovery Benefit, the Canada Recovery Caregiving Benefit, the Canada Recovery Sickness Benefit, and the Canada Worker Lockdown Benefit.

[2] Other fiscal arrangements include the Quebec Abatement (Youth Allowance Recovery and Alternative Payments for Standing Programs), which represent a recovery from Quebec of a tax point transfer; statutory subsidies; and other items.

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

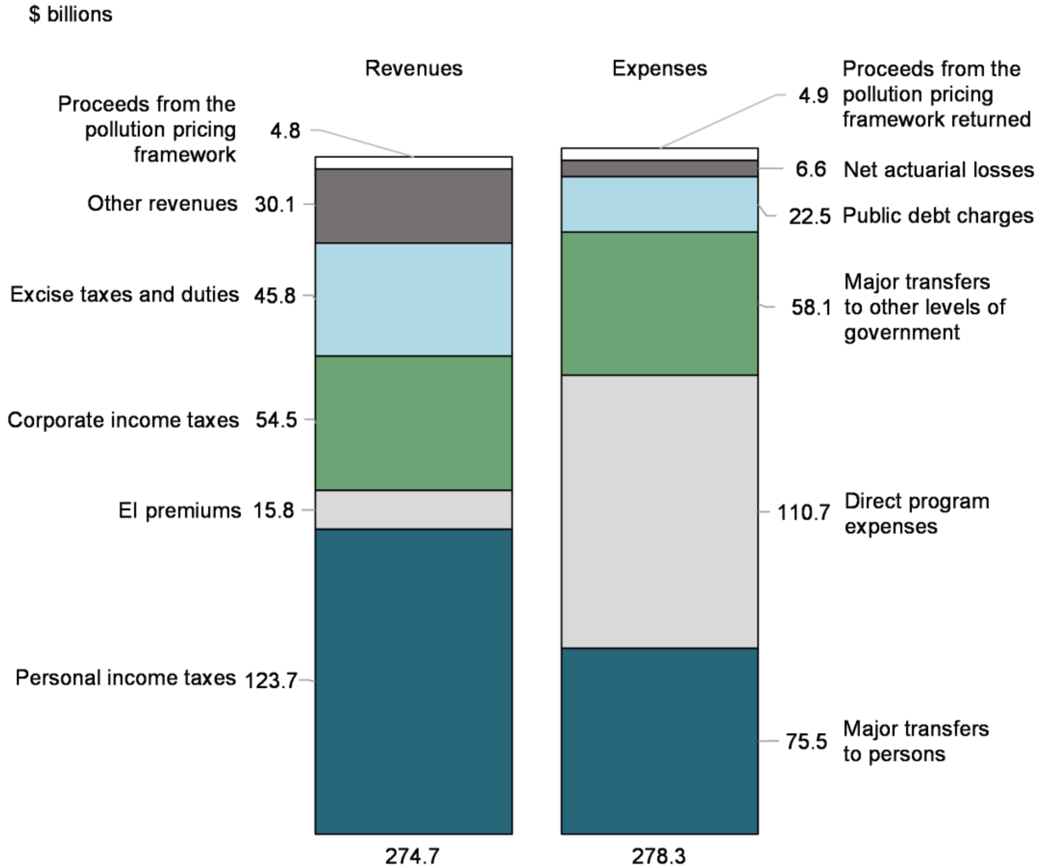
Table 4

Total expenses by object of expense

	November			April to November		
	2021	**2022**	**Change**	**2021-22**	**2022-23**	**Change**
	($ millions)		**(%)**	**($ millions)**		**(%)**
Transfer payments	22,333	20,210	-9.5	224,190	177,819	-20.7
Other expenses						
Personnel, excluding net actuarial losses	4,928	5,611	13.9	38,579	41,670	8.0
Transportation and communications	182	258	41.8	1,409	1,773	25.8
Information	42	63	50.0	301	247	-17.9
Professional and special services	1,400	1,669	19.2	8,683	9,576	10.3
Rentals	304	249	-18.1	2,502	2,662	6.4
Repair and maintenance	329	385	17.0	1,941	2,431	25.2
Utilities, materials and supplies	534	1,347	152.2	4,689	5,720	22.0
Other subsidies and expenses	29	318	996.6	3,927	3,782	-3.7
Amortization of tangible capital assets	401	433	8.0	3,261	3,425	5.0
Net loss on disposal of assets	12	9	-25.0	66	75	13.6
Total other expenses	8,161	10,342	26.7	65,358	71,361	9.2
Total program expenses, excluding net actuarial losses	30,494	30,552	0.2	289,548	249,180	-13.9
Public debt charges	1,957	2,839	45.1	16,464	22,526	36.8
Total expenses, excluding net actuarial losses	32,451	33,391	2.9	306,012	271,706	-11.2
Net actuarial losses	860	820	-4.7	6,880	6,560	-4.7
Total expenses	33,311	34,211	2.7	312,892	278,266	-11.1

Note: Totals may not add due to rounding.

Chart 3
Revenues and expenses (April to November 2022)



Note: Totals may not add due to rounding.

Financial requirement of $37.3 billion for April to November 2022

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 into 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 $3.6 billion and a requirement of $33.8 billion from non-budgetary transactions, there was a financial requirement of $37.3 billion for the April to November 2022 period, compared to a financial requirement of $99.4 billion for the same period of the previous year.

The lower financial requirement in 2022-23 largely reflects the improvement in the budgetary balance.

Table 5

The budgetary balance and financial source/requirement

$ millions

	November		April to November	
	2021	2022	2021-22	2022-23
Budgetary balance (deficit/surplus)	-1,443	-3,379	-73,695	-3,554
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable[1]	-1,512	-3,962	-6,871	-20,465
Pensions, other future benefits, and other liabilities	497	865	7,119	8,582
Foreign exchange accounts and derivatives[1]	-270	892	-8,671	-13,380
Loans, investments and advances	-1,174	22	-16,693	-6,899
Non-financial assets	-400	-507	-626	-1,592
Total non-budgetary transactions	-2,859	-2,690	-25,742	-33,754
Financial source/requirement	-4,302	-6,069	-99,437	-37,308

Note: Totals may not add due to rounding.

[1] Comparative figures have been reclassified to reflect the current year presentation under a new accounting standard. See Note 8 at the end of this document for further details.

Net financing activities up $9.1 billion

The government financed this financial requirement of $37.3 billion by drawing down cash balances by $28.2 billion and increasing unmatured debt by $9.1 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

Cash balances at the end of November 2022 stood at $64.1 billion, up $6.2 billion from their level at the end of November 2021.

Table 6
Financial source/requirement and net financing activities
$ millions

	November		April to November	
	2021	2022	2021-22	2022-23
Financial source/requirement	-4,302	-6,069	-99,437	-37,308
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds[1]	9,196	-21,551	124,075	8,347
Treasury bills[1]	-7,628	1,043	-30,676	-829
Retail debt	-153	-	-158	-
Total Canadian currency borrowings	1,415	-20,508	93,241	7,518
Foreign currency borrowings[1]	-318	-3,911	4,737	1,791
Total market debt transactions	1,097	-24,419	97,978	9,309
Obligations related to capital leases and other unmatured debt	-2	-21	-5	-183
Net change in financing activities	1,095	-24,440	97,973	9,126
Change in cash balance	-3,207	-30,509	-1,464	-28,182
Cash balance at end of period			57,926	64,080

Note: Totals may not add due to rounding.
[1] Comparative figures have been reclassified to reflect the current year presentation under a new accounting standard. See Note 8 at the end of this document for further details.

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 and remeasurement gains and losses.

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.

Remeasurement gains and losses represent changes in the fair value of derivatives, such as swap agreements and foreign exchange forward agreements, which are used by the government to manage financial risks. As with other comprehensive income or loss, remeasurement gains and losses are not reflected in the budgetary balance but are instead charged directly to the accumulated deficit. The government began accounting for remeasurement gains and losses in 2022-23 with the adoption of a new standard of the Public Sector Accounting Board regarding financial instruments (see Note 8).

The accumulated deficit increased by $0.8 billion over the April to November 2022 period, reflecting the $3.6-billion budgetary deficit, offset in part by $0.2 billion in other comprehensive income and $2.6 billion in net remeasurement gains.

Table 7

Condensed statement of assets and liabilities

$ millions

	April 1, 2022 Opening balance Note 8)	November 30, 2022	Change
Liabilities			
Accounts payable and accrued liabilities	262,220	231,131	-31,089
Derivative financial liabilities[1]	2,778	974	-1,804
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,043,989	1,052,336	8,347
Treasury bills	186,877	186,048	-829
Subtotal	1,230,866	1,238,384	7,518
Payable in foreign currencies	14,473	16,264	1,791
Obligations related to capital leases and other unmatured debt	5,366	5,183	-183
Total unmatured debt	1,250,705	1,259,831	9,126
Pension and other liabilities			
Public sector pensions	167,666	164,565	-3,101
Other employee and veteran future benefits	159,705	172,763	13,058
Other liabilities	7,707	6,332	-1,375
Total pension and other liabilities	335,078	343,660	8,582
Total interest-bearing debt	1,585,783	1,603,491	17,708
Total liabilities	1,850,781	1,835,596	-15,185
Financial assets			
Cash and accounts receivable	280,026	241,220	-38,806
Foreign exchange accounts	104,031	121,573	17,542
Derivative financial assets[1]	3,403	-	-3,403
Loans, investments, and advances (net of allowances)[2]	207,031	214,132	7,101
Public sector pension assets	9,203	9,203	-
Total financial assets	603,694	586,128	-17,566
Net debt	1,247,087	1,249,468	2,381
Non-financial assets	105,268	106,860	1,592
Federal debt (accumulated deficit)	1,141,819	1,142,608	789

Note: Totals may not add due to rounding.

[1] November 30, 2022, net balance of derivative assets and derivative liabilities includes remeasurement gains of $2.6 billion resulting from the change in their fair values for the April to November 2022 period.

[2] November 30, 2022, amount includes $0.2 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April to November 2022 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. Reclassification of comparative information and adjustment to opening balances:
    i) Starting in 2022-23, the government has adopted a new standard of the Public Sector Accounting Board regarding asset retirement obligations. Asset retirement obligations represent requirements under an agreement, contract, legislation, or a constructive or equitable obligation to undertake specific actions to retire tangible capital assets at the end of their useful lives. This includes activities such as decommissioning of nuclear reactors and removal of asbestos. The adoption of this standard has not had a material effect on the budgetary balance for the current year. This standard has been applied on a modified retroactive basis and the prior year's budgetary transactions have not been restated for the purposes of *The Fiscal Monitor*. However, an adjustment to the opening balance of the accumulated deficit for 2022-23 has been reflected in Table 7, Condensed Statement of Assets and Liabilities. The amount of this adjustment may be revised as more information becomes available.

ii) Also starting in 2022-23, the government has adopted a new standard of the Public Sector Accounting Board regarding financial instruments. Financial instruments include receivables, payables, equity instruments, debt, and derivatives, such as forward contracts and cross-currency swaps. Under the new standard, derivatives, which were previously recorded at historical cost, are recognized at fair value. Changes in the fair value of derivatives are not reflected in the budgetary balance but are instead charged directly to the accumulated deficit as remeasurement gains and losses. The adoption of this standard has also resulted in the reclassification of certain accounts, as follows:

- cross-currency swaps, previously reported as part of unmatured debt, are classified as derivatives and reported outside of unmatured debt;
- forward contracts, previously reported as part of accounts payable and accrued liabilities, are reported as derivatives;
- accrued interest, previously reported as part of accounts payable and accrued liabilities, is now included with the associated category of unmatured debt (i.e., marketable bonds, treasury bills, and foreign currency borrowings); and,
- unamortized discounts and premiums on market debt, previously reported as a separate item within unmatured debt, are now included with the associated category of unmatured debt (i.e., marketable bonds, treasury bills, and foreign currency borrowings).

This standard has been applied on a prospective basis. The prior year’s budgetary transactions have not been restated, but balances in the prior year have been reclassified to reflect the current year’s presentation. An adjustment to the opening balance of the accumulated deficit for 2022-23 is also reflected in Table 7, Condensed Statement of Assets and Liabilities.

A reconciliation of the reclassification and adjustment to the opening balance of the government's financial position as at April 1, 2022, is summarized as follows:

Table 8

Summary of reclassifications and adjustments to opening balances

$ millions

	March 31, 2022 Closing balance[1]	Effect of change in accounting policy for asset retirement obligations	Effect of change in accounting policy for financial instruments	April 1, 2022 Opening balance
Liabilities				
Accounts payable and accrued liabilities	260,288	6,095	(4,163)	262,220
Derivative financial liabilities	-	-	2,778	2,778
Interest-bearing debt				
Unmatured debt				
Payable in Canadian currency				
Marketable bonds	1,030,896	-	13,093	1,043,989
Treasury bills	187,381	-	(504)	186,877
Subtotal	1,218,277	-	12,589	1,230,866
Payable in foreign currencies	14,451	-	22	14,473
Cross-currency swap revaluation	(2,246)	-	2,246	-
Unamortized discounts and premiums on market debt	7,443	-	(7,443)	-
Obligations related to capital leases and other unmatured debt	5,366	-	-	5,366
Total unmatured debt	1,243,291	-	7,414	1,250,705
Pension and other liabilities	335,078	-		335,078
Total interest-bearing debt	1,578,369	-	7,414	1,585,783
Total liabilities	1,838,657	6,095	6,029	1,850,781
Financial assets				
Derivative financial assets	-	-	3,403	3,403
Other financial assets	600,291	-	-	600,291
Total financial assets	600,291	-	3,403	603,694
Net debt	1,238,366	6,095	2,626	1,247,087
Non-financial assets	103,873	1,395	-	105,268
Federal debt (accumulated deficit)	1,134,493	4,700	2,626	1,141,819

[1] Source: *Public Accounts of Canada 2022*.

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

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