Department of Finance Canada | Ministère des Finances Canada

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Financial Results for January 2023

Canada

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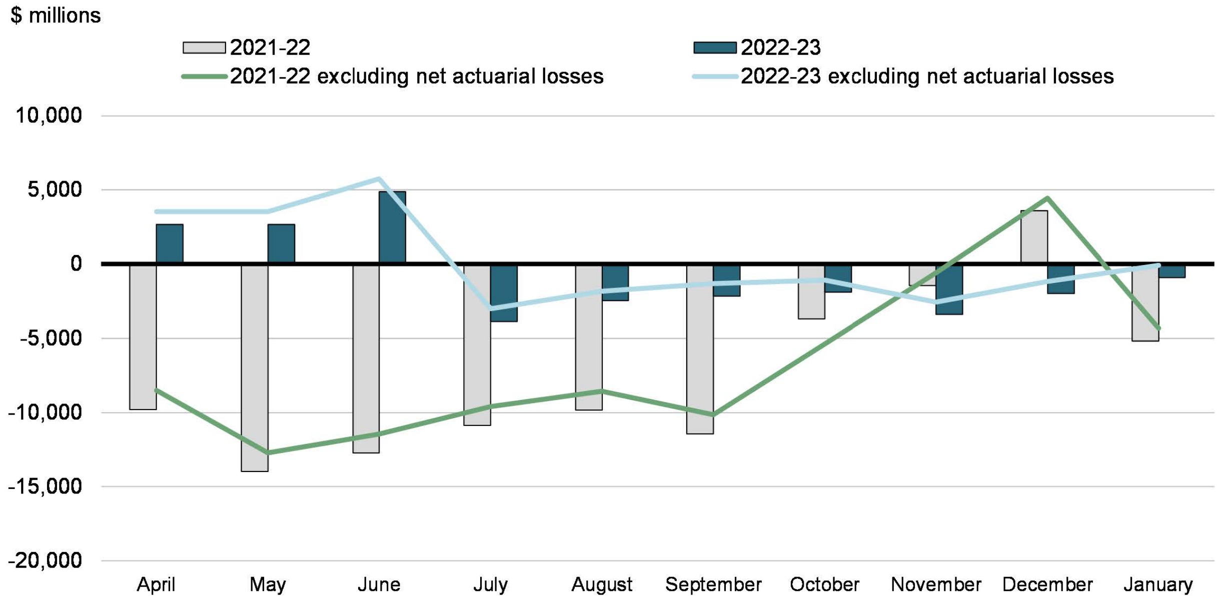
Highlights

January 2023

There was a budgetary deficit of $0.9 billion in January 2023, compared to a deficit of $5.2 billion in January 2022. The budgetary deficit before net actuarial losses was $0.1 billion, compared to a deficit of $4.3 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 January 2022:

- Revenues increased by $2.9 billion, or 8.2 per cent, due largely to tax revenues.
- Program expenses excluding net actuarial losses were down $2.3 billion, or 6.0 per cent, largely driven by redeterminations of COVID-19 income support for workers.
- Public debt charges were up $1.0 billion, or 51.3 per cent, reflecting higher interest rates.
- Net actuarial losses were down $40 million, or 4.7 per cent.

April 2022 to January 2023

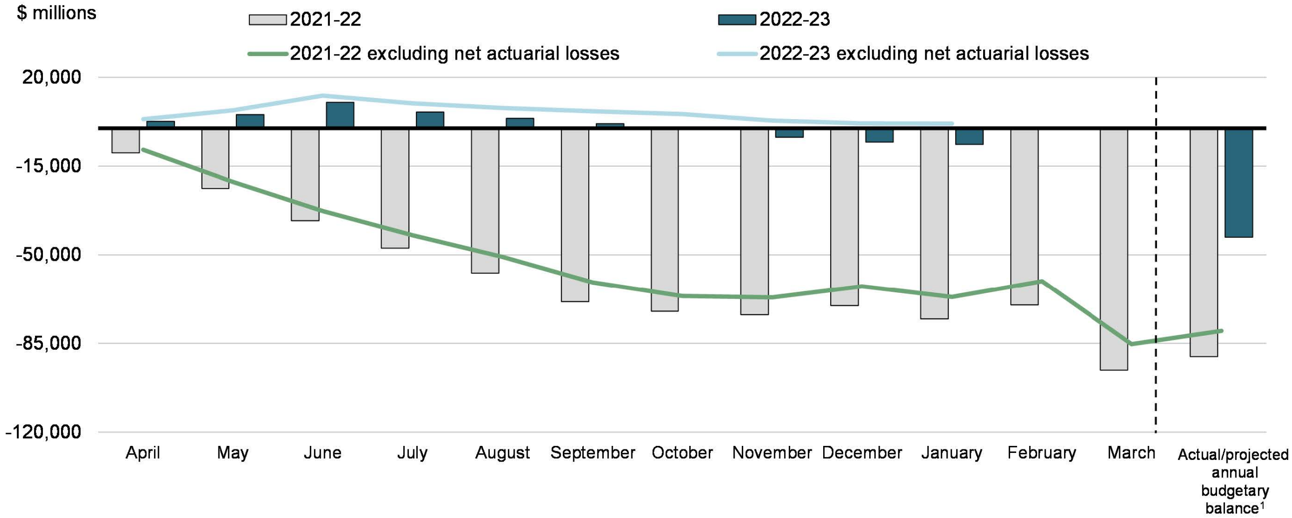
The government posted a budgetary deficit of $6.4 billion for the April to January period of the 2022-23 fiscal year, compared to a deficit of $75.3 billion reported for the same period of 2021-22. The budgetary surplus before net actuarial losses was $1.8 billion, compared to a deficit of $66.7 billion in the April to January period of 2021-22.

Compared to 2021-22:

- Revenues were up $34.6 billion, or 11.0 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 $42.0 billion, or 11.7 per cent, largely reflecting lower transfers to individuals and businesses due to expiring temporary COVID-19 measures.
- Public debt charges increased by $8.2 billion, or 39.6 per cent, reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by $0.4 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*; Budget 2023.

Table 1

Summary statement of transactions

$ millions

	January		April to January	
	2022	**2023**	**2021-22**	**2022-23**
Budgetary transactions				
Revenues	35,869	38,815	314,217	348,853
Expenses				
Program expenses, excluding net actuarial losses	-38,200	-35,897	-360,242	-318,247
Public debt charges	-1,985	-3,004	-20,664	-28,848
Budgetary balance, excluding net actuarial losses	-4,316	-86	-66,689	1,758
Net actuarial losses	-860	-820	-8,600	-8,200
Budgetary balance (deficit/surplus)	-5,176	-906	-75,289	-6,442
Non-budgetary transactions	5,834	915	-13,482	-32,116
Financial source/requirement	658	9	-88,771	-38,558
Net change in financing activities	7,385	13,616	109,481	30,442
Net change in cash balances	8,043	13,625	20,710	-8,116
Cash balance at end of period			80,100	84,145

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

Revenues

Revenues in January 2023 totalled $38.8 billion, up $2.9 billion, or 8.2 per cent, from January 2022.

- Tax revenues increased by $2.8 billion, or 9.4 per cent, compared to the same period in 2021-22.
- Proceeds from the pollution pricing framework were up $0.1 billion, or 25.5 per cent, reflecting higher carbon pollution pricing in 2023.
- Employment Insurance (EI) premium revenues were up $0.2 billion, or 7.0 per cent, reflecting better labour market conditions and a higher premium rate.
- Other revenues, consisting of enterprise Crown corporations' net profits, sales of goods and services, returns on investments and net foreign exchange revenues, were down $0.2 billion, or 6.4 per cent.

Revenues for the April to January period of 2022-23 totalled $348.9 billion, up $34.6 billion, or 11.0 per cent, from the same period in 2021-22.

- Tax revenues increased by $27.4 billion, or 10.2 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 $43 million to $173 million over the April to January period.
- Proceeds from the pollution pricing framework were up $1.6 billion, or 35.0 per cent, reflecting higher carbon pollution pricing in 2022 and 2023.
- EI premium revenues were up $2.0 billion, or 11.4 per cent, largely reflecting better labour market conditions.
- Other revenues were up $3.7 billion, or 16.1 per cent, due to economic improvement and normalization following COVID-19 and higher interest rates.

Table 2

Revenues

	January		Change	April to January		Change
	2022	2023		2021-22	2022-23	
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal	17,143	18,059	5.3	150,561	160,377	6.5
Corporate	5,499	6,263	13.9	56,753	67,776	19.4
Non-resident	1,581	2,081	31.6	8,586	11,605	35.2
Total income tax revenues	24,223	26,403	9.0	215,900	239,758	11.1
Other taxes and duties						
Goods and Services Tax	4,310	5,076	17.8	39,449	41,920	6.3
Energy taxes	458	334	-27.1	4,455	4,431	-0.5
Customs import duties	399	428	7.3	4,467	5,232	17.1
Other excise taxes and duties	524	477	-9.0	4,902	5,201	6.1
Total excise taxes and duties	5,691	6,315	11.0	53,273	56,784	6.6
Total tax revenues	29,914	32,718	9.4	269,173	296,542	10.2
Proceeds from the pollution pricing framework	447	561	25.5	4,479	6,046	35.0
Employment Insurance premiums	2,840	3,039	7.0	17,924	19,969	11.4
Other revenues	2,668	2,497	-6.4	22,641	26,296	16.1
Total revenues	35,869	38,815	8.2	314,217	348,853	11.0

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in January 2023 were $35.9 billion, down $2.3 billion, or 6.0 per cent, from January 2022.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were down $3.4 billion or 30.0 per cent.
  - Elderly benefits increased by $0.8 billion, or 15.8 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 $0.8 billion, or 24.3 per cent, largely reflecting the expiry of temporary measures to facilitate access to EI, and a lower unemployment rate.
  - COVID-19 income support for workers decreased $3.4 billion, or 464.9 per cent, reflecting redeterminations of benefits and the wind-down of the Canada Recovery Benefit, Canada Recovery Caregiving Benefit, and Canada Recovery Sickness Benefit.
  - Children's benefits were down $10 million, or 0.5 per cent.
- Major transfers to other levels of government were down $0.1 billion, or 1.3 per cent.
- Proceeds from the pollution pricing framework returned increased by $1.6 billion, reflecting a change in the delivery of the Climate Action Incentive, from annually on personal income tax returns to a quarterly benefit. Direct proceeds will continue to be fully returned in the provinces or territories where they are generated.

- Direct program expenses were down $0.4 billion, or 2.2 per cent. Within direct program expenses:
  - Canada Emergency Wage Subsidy (CEWS) payments decreased by $0.7 billion, or 106.4 per cent, reflecting the end of the program and reassessments of previous claims.
  - Other transfer payments decreased by $0.4 billion, or 4.1 per cent, largely reflecting year-over-year differences in adjustments to provisions for loans and contingent liabilities.
  - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $0.7 billion, or 7.4 per cent, largely reflecting an increase in bad debt provisions and personnel expenses, offset in part by lower public health expenses.

Public debt charges increased $1.0 billion, or 51.3 per cent, reflecting 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 January period of 2022-23, program expenses excluding net actuarial losses were $318.2 billion, down $42.0 billion, or 11.7 per cent, from the same period the previous year.

- Major transfers to persons were down $31.0 billion or 24.9 per cent.
  - Elderly benefits increased by $6.5 billion, or 12.8 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 $16.5 billion, or 47.6 per cent, largely reflecting the expiry of temporary measures to facilitate access to EI, and a lower unemployment rate.
  - COVID-19 income support for workers decreased $19.2 billion, or 114.5 per cent, reflecting the wind-down of the Canada Recovery Benefit, Canada Recovery Caregiving Benefit, and Canada Recovery Sickness Benefit, as well as the redetermination of benefits.
  - Children's benefits were down $1.7 billion, or 7.8 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 2.2 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as an increase in Canada-wide early learning and child care transfers. These increases were offset in part by a decrease in transfers under health agreements with provinces and territories and transfers under the Canada Community-Building Fund, due in part to timing factors, and an increase in the current year in the amount of the Quebec Abatement, which is accounted for as a reduction in transfer payments.
- Proceeds from the pollution pricing framework returned increased by $2.8 billion, or 76.2 per cent, reflecting the change in the delivery of the Climate Action Incentive, from annually on personal income tax returns to a quarterly benefit, as well as an increase in the rate of the Climate Action Incentive.
- Direct program expenses were down $15.4 billion, or 9.5 per cent. Within direct program expenses:
  - CEWS payments decreased by $21.8 billion, or 100.9 per cent, reflecting the end of the program and reassessments of previous benefits.
  - Other transfer payments decreased by $0.8 billion, or 1.4 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 $7.2 billion, or 8.6 per cent, reflecting in large part increased personnel expenses and provisions for bad debt.

Public debt charges increased by $8.2 billion, or 39.6 per cent, reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by $0.4 billion, or 4.7 per cent.

Table 3

Expenses

	January			April to January		
	2022	**2023**	**Change**	**2021-22**	**2022-23**	**Change**
	($ millions)		**(%)**	**($ millions)**		**(%)**
Major transfers to persons						
Elderly benefits	5,223	6,050	15.8	50,708	57,204	12.8
Employment Insurance benefits	3,245	2,455	-24.3	34,707	18,201	-47.6
COVID-19 income support for workers[1]	735	-2,682	-464.9	16,802	-2,437	-114.5
Children's benefits	2,082	2,072	-0.5	22,160	20,422	-7.8
Total major transfers to persons	11,285	7,895	-30.0	124,377	93,390	-24.9
Major transfers to other levels of government						
Canada Health Transfer	3,594	3,767	4.8	35,938	37,673	4.8
Canada Social Transfer	1,289	1,328	3.0	12,895	13,282	3.0
Equalization	1,743	1,827	4.8	17,426	18,267	4.8
Territorial Formula Financing	298	310	4.0	3,784	3,934	4.0
Canada-wide early learning and child care	463	-	-100.0	1,823	2,716	49.0
Canada Community-Building Fund	-	30	n/a	2,320	1,873	-19.3
Health agreements with provinces/territories[2]	14	166	1,085.7	1,591	461	-71.0
Other fiscal arrangements[3]	-508	-623	-22.6	-5,202	-6,102	-17.3
Total major transfers to other levels of government	6,893	6,805	-1.3	70,575	72,104	2.2
Proceeds from the pollution pricing framework returned	22	1,636	7,336.4	3,726	6,567	76.2
Direct program expenses						
Canada Emergency Wage Subsidy[4]	642	-41	-106.4	21,592	-194	-100.9
Other transfer payments[4]	10,313	9,892	-4.1	56,439	55,664	-1.4
Operating expenses	9,045	9,710	7.4	83,533	90,716	8.6
Total direct program expenses	20,000	19,561	-2.2	161,564	146,186	-9.5
Total program expenses, excluding net actuarial losses	38,200	35,897	-6.0	360,242	318,247	-11.7
Public debt charges	1,985	3,004	51.3	20,664	28,848	39.6
Total expenses, excluding net actuarial losses	40,185	38,901	-3.2	380,906	347,095	-8.9
Net actuarial losses	860	820	-4.7	8,600	8,200	-4.7
Total expenses	41,045	39,721	-3.2	389,506	355,295	-8.8

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] Health agreements with provinces/territories include Home and Community Care and Mental Health and Substance Use Agreements.

[3] 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.

[4] Comparative figures have been adjusted to reclassify wage subsidies under the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program from Canada Emergency Wage Subsidy to Other transfer payments, to align with the revised presentation adopted in February 2022.

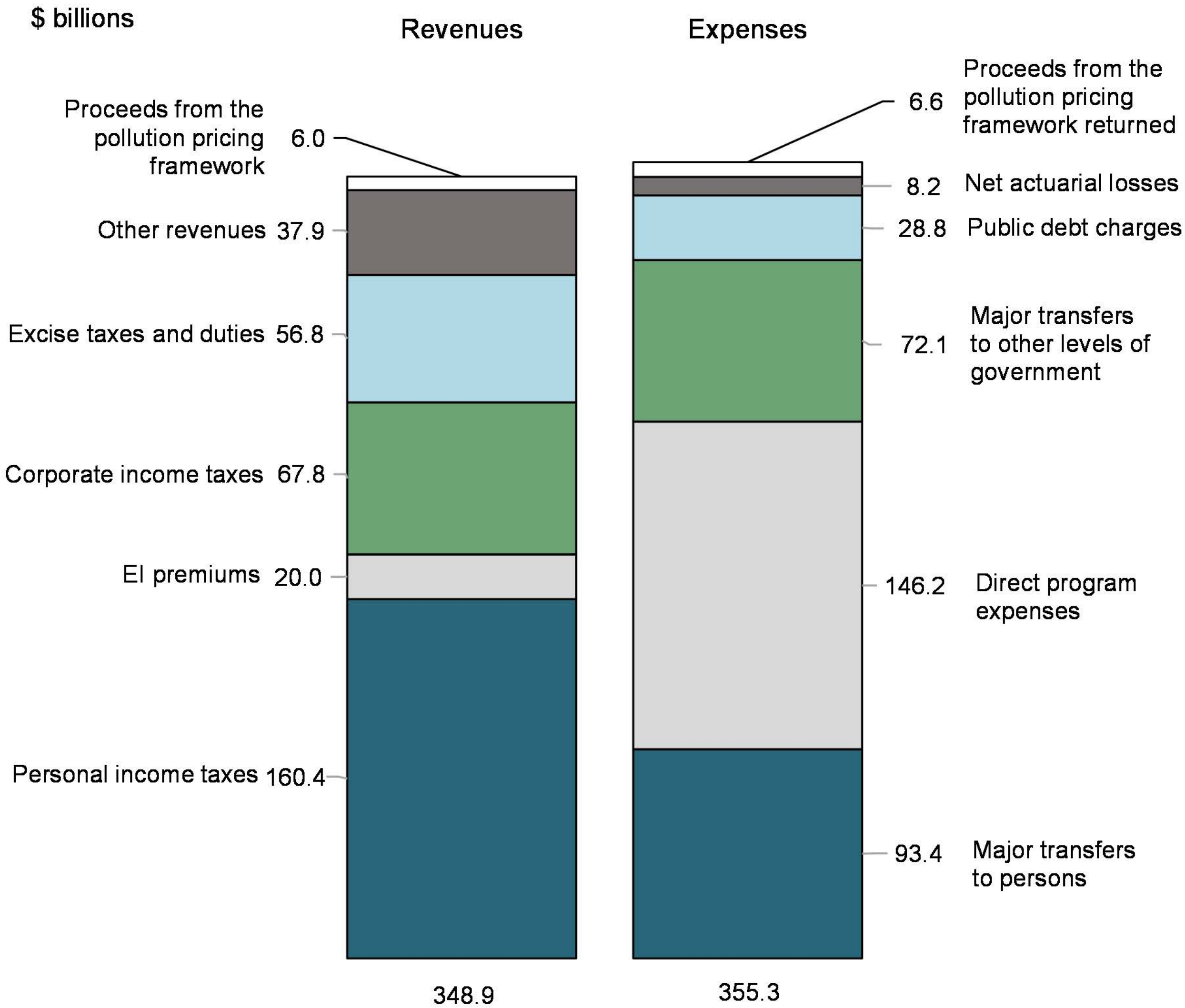
The following table presents total expenses by main object of expense.

Table 4
Total expenses by object of expense

	January			April to January		
	2022	**2023**	**Change**	**2021-22**	**2022-23**	**Change**
	($ millions)		**(%)**	**($ millions)**		**(%)**
Transfer payments	29,155	26,187	-10.2	276,709	227,531	-17.8
Other expenses						
Personnel, excluding net actuarial losses	4,744	5,271	11.1	48,335	52,502	8.6
Transportation and communications	223	210	-5.8	1,825	2,215	21.4
Information	57	57	0.0	409	346	-15.4
Professional and special services	1,225	1,547	26.3	11,481	12,645	10.1
Rentals	378	385	1.9	3,200	3,314	3.6
Repair and maintenance	252	356	41.3	2,536	3,132	23.5
Utilities, materials and supplies	1,432	753	-47.4	7,109	7,130	0.3
Other subsidies and expenses	316	700	121.5	4,472	5,059	13.1
Amortization of tangible capital assets	410	423	3.2	4,081	4,280	4.9
Net loss on disposal of assets	8	8	0.0	85	93	9.4
Total other expenses	9,045	9,710	7.4	83,533	90,716	8.6
Total program expenses, excluding net actuarial losses	38,200	35,897	-6.0	360,242	318,247	-11.7
Public debt charges	1,985	3,004	51.3	20,664	28,848	39.6
Total expenses, excluding net actuarial losses	40,185	38,901	-3.2	380,906	347,095	-8.9
Net actuarial losses	860	820	-4.7	8,600	8,200	-4.7
Total expenses	41,045	39,721	-3.2	389,506	355,295	-8.8

Note: Totals may not add due to rounding.

Chart 3
Revenues and expenses (April 2022 to January 2023)



Note: Totals may not add due to rounding.

Financial requirement of $38.6 billion for April 2022 to January 2023

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 $6.4 billion and a requirement of $32.1 billion from non-budgetary transactions, there was a financial requirement of $38.6 billion for the April 2022 to January 2023 period, compared to a financial requirement of $88.8 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

	January		April to January	
	2022	**2023**	**2021-22**	**2022-23**
Budgetary balance (deficit/surplus)	-5,176	-906	-75,289	-6,442
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable[1]	4,734	-4,244	10,116	-24,809
Pensions, other future benefits, and other liabilities	829	5,576	8,980	16,063
Foreign exchange accounts and derivatives[1]	1,157	-621	-11,556	-14,771
Loans, investments and advances	-472	405	-19,489	-6,549
Non-financial assets	-414	-201	-1,533	-2,050
Total non-budgetary transactions	5,834	915	-13,482	-32,116
Financial source/requirement	658	9	-88,771	-38,558

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 $30.4 billion

The government financed this financial requirement of $38.6 billion by drawing down cash balances by $8.1 billion and increasing unmatured debt by $30.4 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

Cash balances at the end of January 2023 stood at $84.1 billion, up $4.0 billion from their level at the end of January 2022.

Table 6

Financial source/requirement and net financing activities

$ millions

	January		April to January	
	2022	**2023**	**2021-22**	**2022-23**
Financial source/requirement	658	9	-88,771	-38,558
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds[1]	18,580	13,228	143,905	27,989
Treasury bills[1]	-7,248	731	-35,553	1,412
Retail debt	-	-	-299	-
Total Canadian currency borrowings	11,332	13,959	108,053	29,401
Foreign currency borrowings[1]	-3,971	-348	1,419	1,239
Total market debt transactions	7,361	13,611	109,472	30,640
Obligations related to capital leases and other unmatured debt	24	5	9	-198
Net change in financing activities	7,385	13,616	109,481	30,442
Change in cash balance	8,043	13,625	20,710	-8,116
Cash balance at end of period			80,100	84,145

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 $2.4 billion over the April 2022 to January 2023 period, reflecting the $6.4-billion budgetary deficit, offset in part by $1.1 billion in other comprehensive income and $2.9 billion in net remeasurement gains.

Table 7

Condensed statement of assets and liabilities

$ millions

	April 1, 2022 Opening balance (Note 8)	January 31, 2023	Change
Liabilities			
Accounts payable and accrued liabilities	262,220	230,584	-31,636
Derivative financial liabilities[1]	2,778	1,062	-1,716
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,043,989	1,071,978	27,989
Treasury bills	186,877	188,289	1,412
Subtotal	1,230,866	1,260,267	29,401
Payable in foreign currencies	14,473	15,712	1,239
Obligations related to capital leases and other unmatured debt	5,366	5,168	-198
Total unmatured debt	1,250,705	1,281,147	30,442
Pension and other liabilities			
Public sector pensions	167,666	163,174	-4,492
Other employee and veteran future benefits	159,705	176,045	16,340
Other liabilities	7,707	11,922	4,215
Total pension and other liabilities	335,078	351,141	16,063
Total interest-bearing debt	1,585,783	1,632,288	46,505
Total liabilities	1,850,781	1,863,934	13,153
Financial assets			
Cash and accounts receivable	280,026	265,083	-14,943
Foreign exchange accounts	104,031	123,410	19,379
Derivative financial assets[1]	3,403	-	-3,403
Loans, investments, and advances (net of allowances)[2]	207,031	214,707	7,676
Public sector pension assets	9,203	9,203	-
Total financial assets	603,694	612,403	8,709
Net debt	1,247,087	1,251,531	4,444
Non-financial assets	105,268	107,318	2,050
Federal debt (accumulated deficit)	1,141,819	1,144,213	2,394

Note: Totals may not add due to rounding.

[1] January 31, 2023 net balance of derivative assets and derivative liabilities includes remeasurement gains of $2.9 billion resulting from the change in their fair values for the April 2022 to January 2023 period.

[2] January 31, 2023 amount includes $1.1 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April 2022 to January 2023 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 stated otherwise, changes in financial results are presented on a year-over-year basis.

For inquiries about this publication, contact Bradley Recker at bradley.recker@fin.gc.ca.

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