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Canada

Ministère des Finances
Canada



THE FISCAL MONITOR

A publication of the Department of Finance

Financial Results for April and May 2023

Canada 

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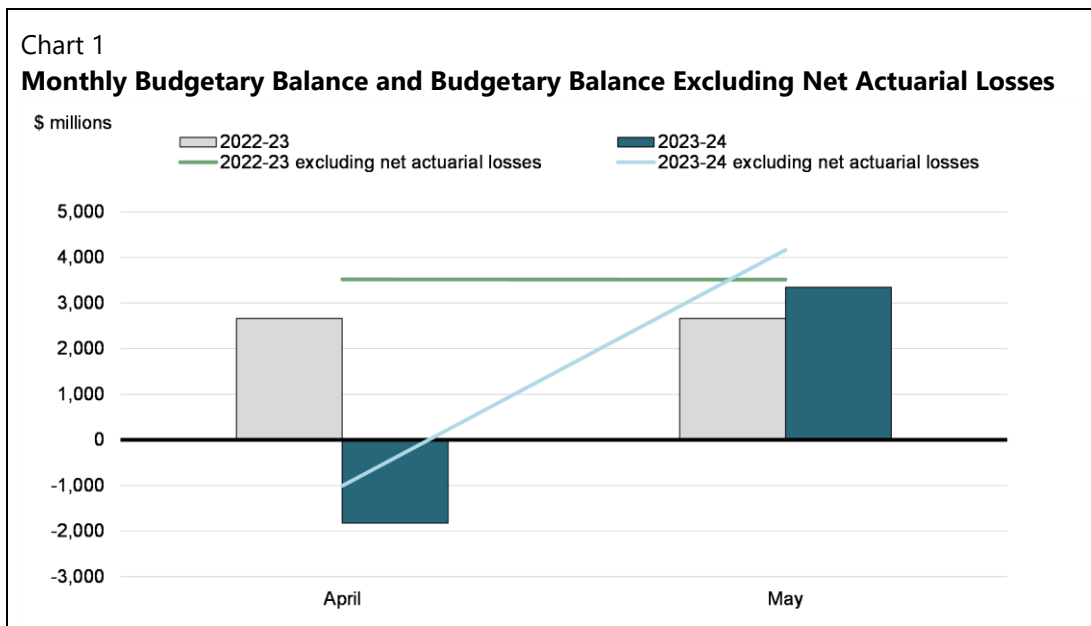
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Highlights

April and May 2023

For the first two months of the 2023-24 fiscal year (April and May), there was a budgetary surplus of \$1.5 billion, compared to a surplus of \$5.3 billion reported for the same period of 2022-23. By month, there was a deficit of \$1.8 billion in April and a surplus of \$3.3 billion in May 2023.

The budgetary surplus before net actuarial losses was \$3.2 billion, compared to a surplus of \$7.0 billion in the April to May period of 2022-23. 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.



For the two months combined:

- Revenues were up \$1.3 billion, or 1.8 per cent, reflecting higher interest revenues and Employment Insurance (EI) premium revenues.
- Program expenses excluding net actuarial losses were up \$3.9 billion, or 6.6 per cent, reflecting an increase in proceeds from the pollution pricing framework returned, as well as higher elderly benefits and transfers to other levels of government, offset in part by the wind-down of COVID-19 income support for workers and related redeterminations.
- Public debt charges increased by \$1.3 billion, or 22.8 per cent, driven by higher interest on treasury bills and marketable bonds, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by \$0.1 billion, or 4.7 per cent.

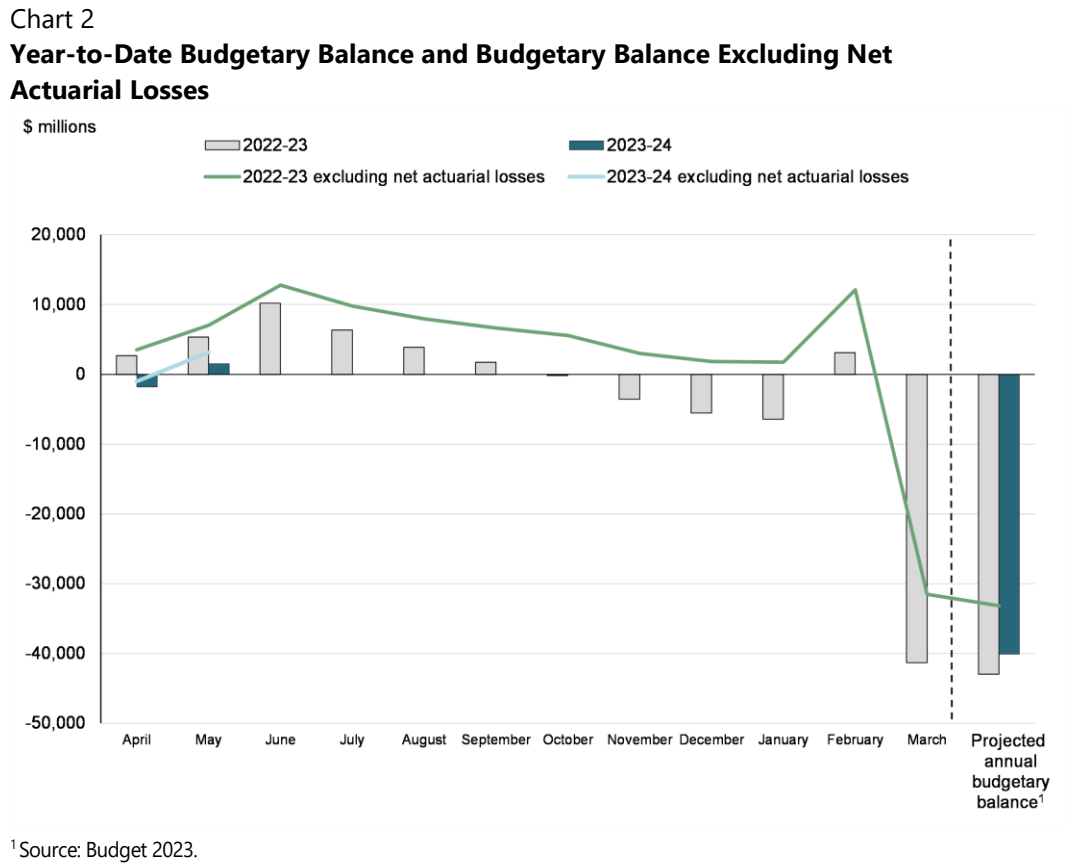


Table 1

Summary statement of transactions

\$ millions

	April		May		April to May	
	2022	2023	2022	2023	2022-23	2023-24
Budgetary transactions						
Revenues	35,709	35,045	35,953	37,917	71,662	72,962
Expenses						
Program expenses, excluding net actuarial losses	-29,602	-32,937	-29,390	-29,955	-58,992	-62,892
Public debt charges	-2,585	-3,115	-3,042	-3,796	-5,627	-6,911
Budgetary balance, excluding net actuarial losses	3,522	-1,007	3,521	4,166	7,043	3,159
Net actuarial losses	-860	-820	-860	-820	-1,720	-1,640
Budgetary balance (deficit/surplus)	2,662	-1,827	2,661	3,346	5,323	1,519
Non-budgetary transactions	-18,371	-17,714	3,429	-3,840	-14,942	-21,554
Financial source/requirement	-15,709	-19,541	6,090	-494	-9,619	-20,035
Net change in financing activities	18,154	36,763	2,995	1,120	21,149	37,883
Net change in cash balances	2,445	17,222	9,085	626	11,530	17,848
Cash balance at end of period					103,792	59,646

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

Revenues

Revenues for the April to May period of 2023-24 totalled \$73.0 billion, up \$1.3 billion, or 1.8 per cent, from the same period in 2022-23.

- Tax revenues increased by \$0.2 billion, or 0.3 per cent, compared to the same period in 2022-23, driven by growth in personal income tax revenue.
- Proceeds from the pollution pricing framework were up \$0.1 billion, or 10.0 per cent, reflecting higher carbon pollution pricing in 2023.
- EI premium revenues were up \$0.4 billion, or 7.2 per cent, reflecting a higher premium rate and better labour market conditions.
- Other revenues were up \$0.6 billion, or 11.1 per cent, reflecting higher interest revenues and net foreign exchange gains. These increases were offset in part by lower net profits from enterprise Crown corporations, largely reflecting Bank of Canada losses as its interest expense on variable-rate deposits has outpaced interest earned on its fixed-rate investments.

Table 2

Revenues

	April		May		April to May		Change (%)
	2022	2023	2022	2023	2022-23	2023-24	
	(\$ millions)						
Tax revenues							
Income taxes							
Personal	16,386	17,178	14,711	15,505	31,097	32,683	5.1
Corporate	6,819	5,671	7,265	7,124	14,084	12,795	-9.2
Non-resident	1,260	1,068	765	1,152	2,025	2,220	9.6
Total income tax revenues	24,465	23,917	22,741	23,781	47,206	47,698	1.0
Other taxes and duties							
Goods and Services Tax	4,560	4,191	5,100	5,219	9,660	9,410	-2.6
Energy taxes	392	270	373	462	765	732	-4.3
Customs import duties	408	354	681	548	1,089	902	-17.2
Other excise taxes and duties	362	447	585	668	947	1,115	17.7
Total excise taxes and duties	5,722	5,262	6,739	6,897	12,461	12,159	-2.4
Total tax revenues	30,187	29,179	29,480	30,678	59,667	59,857	0.3
Proceeds from the pollution pricing framework	648	667	711	828	1,359	1,495	10.0
Employment Insurance premiums	2,373	2,853	2,812	2,703	5,185	5,556	7.2
Other revenues	2,501	2,346	2,950	3,708	5,451	6,054	11.1
Total revenues	35,709	35,045	35,953	37,917	71,662	72,962	1.8

Note: Totals may not add due to rounding.

Expenses

For the April to May period of 2023-24, program expenses excluding net actuarial losses were \$62.9 billion, up \$3.9 billion, or 6.6 per cent, from the same period the previous year.

- Major transfers to persons were up \$0.1 billion, or 0.3 per cent.
 - Elderly benefits increased by \$1.6 billion, or 15.2 per cent, largely 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 \$0.4 billion, or 12.2 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI.
 - COVID-19 income support for workers was down \$1.1 billion, due to the wind-down of the Canada Recovery Caregiving Benefit and Canada Recovery Sickness Benefit in the prior year, and the redetermination of benefits in the current year.
 - Children's benefits decreased \$12 million, or 0.3 per cent.
- Major transfers to other levels of government were up \$1.1 billion, or 7.6 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Proceeds from the pollution pricing framework returned increased by \$2.0 billion, 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 up \$0.7 billion, or 2.7 per cent. Within direct program expenses:
 - Other transfer payments decreased by \$0.1 billion, or 1.0 per cent.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$0.8 billion, or 5.2 per cent, due in large part to increased personnel expenses.

Public debt charges increased by \$1.3 billion, or 22.8 per cent, reflecting higher interest on treasury bills and marketable bonds, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$0.1 billion, or 4.7 per cent.

Table 3

Expenses

	April		May		April to May		Change (%)
	2022	2023	2022	2023	2022-23	2023-24	
	(\$ millions)						
Major transfers to persons							
Elderly benefits	5,296	6,091	5,345	6,169	10,641	12,260	15.2
Employment Insurance benefits	1,570	1,835	2,064	1,357	3,634	3,192	-12.2
COVID-19 income support for workers ¹	110	-336	91	-566	201	-902	-548.8
Children's benefits	2,057	2,119	2,084	2,010	4,141	4,129	-0.3
Total major transfers to persons	9,033	9,709	9,584	8,970	18,617	18,679	0.3
Major transfers to other levels of government							
Canada Health Transfer	3,768	4,119	3,767	4,118	7,535	8,237	9.3
Canada Social Transfer	1,328	1,368	1,328	1,368	2,656	2,736	3.0
Equalization	1,826	1,996	1,827	1,997	3,653	3,993	9.3
Territorial Formula Financing	729	773	728	774	1,457	1,547	6.2
Canada-wide early learning and child care	-	-	-	-	-	-	n/a
Canada Community-Building Fund	-	-	-	-	-	-	n/a
Health agreements with provinces/territories ²	1	-	-	-	1	-	-100.0
Other fiscal arrangements ³	-530	-595	-531	-596	-1,061	-1,191	-12.3
Total major transfers to other levels of government	7,122	7,661	7,119	7,661	14,241	15,322	7.6
Proceeds from the pollution pricing framework returned	48	1,658	32	465	80	2,123	2,553.8
Direct program expenses							
Other transfer payments ⁴	6,254	6,328	4,210	4,033	10,464	10,361	-1.0
Operating expenses	7,145	7,581	8,445	8,826	15,590	16,407	5.2
Total direct program expenses	13,399	13,909	12,655	12,859	26,054	26,768	2.7
Total program expenses, excluding net actuarial losses	29,602	32,937	29,390	29,955	58,992	62,892	6.6
Public debt charges	2,585	3,115	3,042	3,796	5,627	6,911	22.8
Total expenses, excluding net actuarial losses	32,187	36,052	32,432	33,751	64,619	69,803	8.0
Net actuarial losses	860	820	860	820	1,720	1,640	-4.7
Total expenses	33,047	36,872	33,292	34,571	66,339	71,443	7.7

Note: Totals may not add due to rounding.

¹ COVID-19 income support for workers includes the Canada Emergency Response Benefit, 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 Allowances Recovery and Alternative Payments for Standing Programs), which represent a recovery from Quebec of a tax point transfer; Fiscal Stabilization; statutory subsidies; and, other items.

⁴ Comparative figures have been reclassified to reflect the current year's presentation.

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

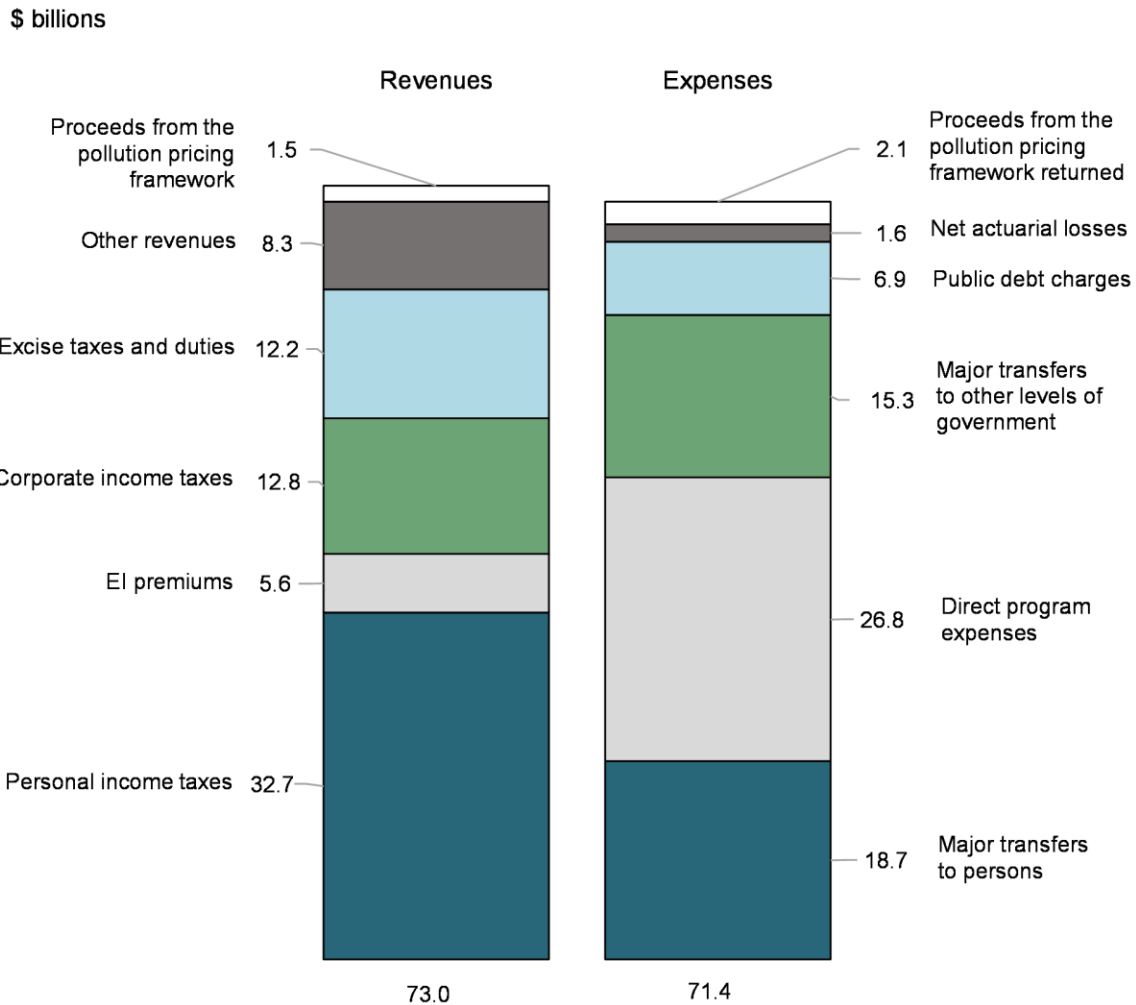
Table 4

Total expenses by object of expense

	April		May		April to May		Change
	2022	2023	2022	2023	2022-23	2023-24	
	(\$ millions)						(%)
Transfer payments	22,457	25,356	20,945	21,129	43,402	46,485	7.1
Other expenses							
Personnel, excluding net actuarial losses	4,310	4,936	5,329	5,454	9,639	10,390	7.8
Transportation and communications	66	58	186	238	252	296	17.5
Information	9	13	24	23	33	36	9.1
Professional and special services	442	361	845	958	1,287	1,319	2.5
Rentals	485	336	259	479	744	815	9.5
Repair and maintenance	102	104	206	207	308	311	1.0
Utilities, materials and supplies	225	89	520	424	745	513	-31.1
Other subsidies and expenses	1,089	1,253	621	590	1,710	1,843	7.8
Amortization of tangible capital assets	412	425	439	446	851	871	2.4
Net loss on disposal of assets	5	6	16	7	21	13	-38.1
Total other expenses	7,145	7,581	8,445	8,826	15,590	16,407	5.2
Total program expenses, excluding net actuarial losses	29,602	32,937	29,390	29,955	58,992	62,892	6.6
Public debt charges	2,585	3,115	3,042	3,796	5,627	6,911	22.8
Total expenses, excluding net actuarial losses	32,187	36,052	32,432	33,751	64,619	69,803	8.0
Net actuarial losses	860	820	860	820	1,720	1,640	-4.7
Total expenses	33,047	36,872	33,292	34,571	66,339	71,443	7.7

Note: Totals may not add due to rounding.

Chart 3
Revenues and expenses (April to May 2023)



Note: Totals may not add due to rounding.

Financial requirement of \$20.0 billion for April to May 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 surplus of \$1.5 billion and a requirement of \$21.6 billion from non-budgetary transactions, there was a financial requirement of \$20.0 billion for the April to May 2023 period, compared to a financial requirement of \$9.6 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	April		May		April to May	
	2022	2023	2022	2023	2022-23	2023-24
Budgetary balance (deficit/surplus)	2,662	-1,827	2,661	3,346	5,323	1,519
Non-budgetary transactions						
Accounts payable, accrued liabilities and accounts receivable	-8,897	-11,548	4,490	-3,511	-4,407	-15,059
Pensions, other future benefits, and other liabilities	-199	321	1,039	1,349	840	1,670
Foreign exchange accounts and derivatives	-6,870	-5,816	-1,730	-1,376	-8,600	-7,192
Loans, investments and advances	-2,697	-1,035	-218	-142	-2,915	-1,177
Non-financial assets	292	364	-152	-160	140	204
Total non-budgetary transactions	-18,371	-17,714	3,429	-3,840	-14,942	-21,554
Financial source/requirement	-15,709	-19,541	6,090	-494	-9,619	-20,035

Note: Totals may not add due to rounding.

Net financing activities up \$37.9 billion

The government financed this financial requirement of \$20.0 billion and increased cash balances by \$17.8 billion by increasing unmatured debt by \$37.9 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills.

Cash balances at the end of May 2023 stood at \$59.6 billion, down \$44.1 billion from their level at the end of May 2022.

Table 6

Financial source/requirement and net financing activities

\$ millions

	April		May		April to May	
	2022	2023	2022	2023	2022-23	2023-24
Financial source/requirement	-15,709	-19,541	6,090	-494	-9,619	-20,035
Net increase (+)/decrease (-) in financing activities						
Unmatured debt transactions						
Canadian currency borrowings						
Marketable bonds	14,563	20,264	4,216	-17,333	18,779	2,931
Treasury bills	-1,344	10,255	-2,342	18,071	-3,686	28,326
Total Canadian currency borrowings	13,219	30,519	1,874	738	15,093	31,257
Foreign currency borrowings	4,979	6,308	1,142	367	6,121	6,675
Total market debt transactions	18,198	36,827	3,016	1,105	21,214	37,932
Obligations related to capital leases and other unmatured debt	-44	-64	-21	15	-65	-49
Net change in financing activities	18,154	36,763	2,995	1,120	21,149	37,883
Change in cash balance	2,445	17,222	9,085	626	11,530	17,848
Cash balance at end of period					103,792	59,646

Note: Totals may not add due to rounding.

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.

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

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July 2023