



Department of Finance
Canada

Ministère des Finances
Canada



The Fiscal Monitor

A publication of the Department of Finance

Financial Results for January 2024

Canada 

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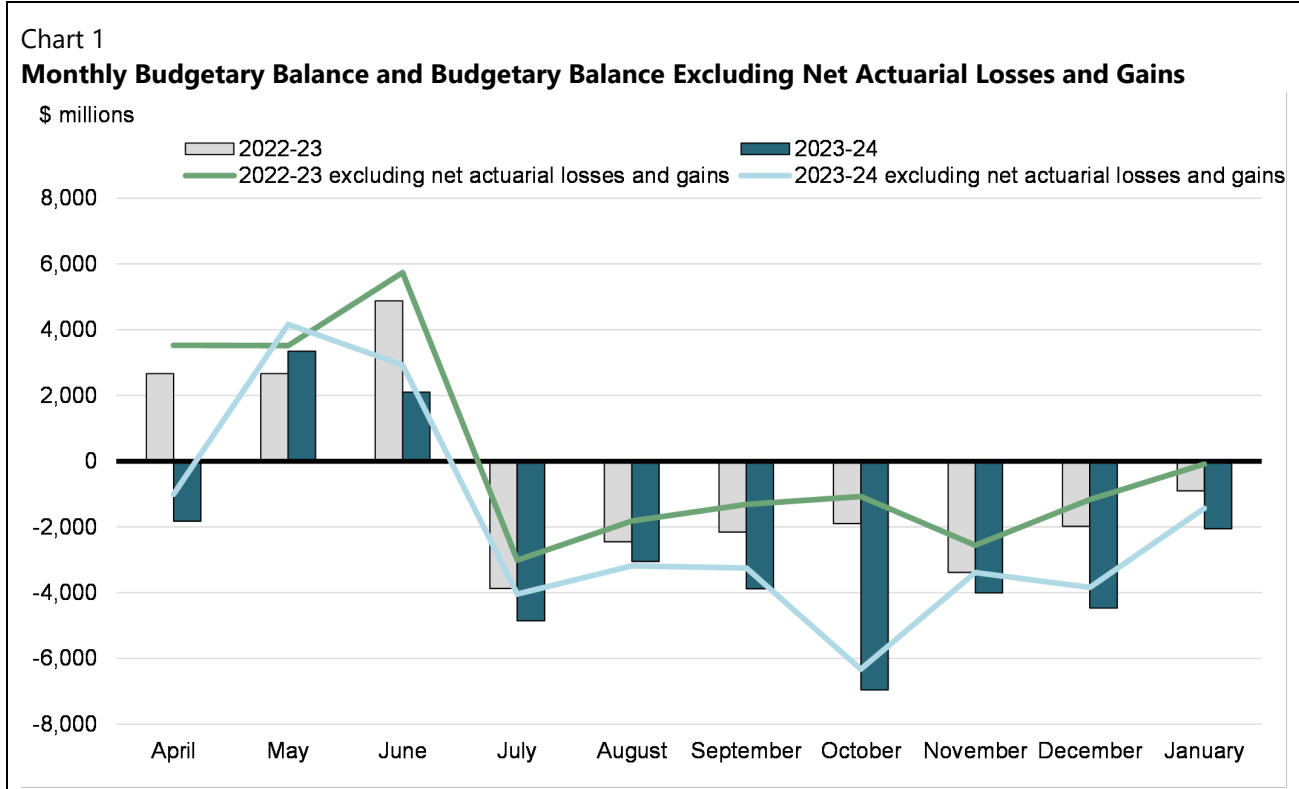
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Highlights

January 2024

There was a budgetary deficit of \$2.1 billion in January 2024, compared to a deficit of \$0.9 billion in January 2023. The budgetary deficit before net actuarial losses and gains was \$1.4 billion, compared to a deficit of \$0.1 billion in the same period of 2022-23. The budgetary balance before net actuarial losses and gains 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 and gains arising from the revaluation of the government's pension and other employee future benefit plans.



Compared to January 2023:

- Revenues increased by \$2.4 billion, or 6.2 per cent, largely reflecting higher personal income tax revenue.
- Program expenses excluding net actuarial losses were up \$2.6 billion, or 7.3 per cent, as increases across most major expense categories were only partly offset by a decrease in direct program expenses.
- Public debt charges were up \$1.1 billion, or 37.8 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses were down \$0.2 billion, or 23.2 per cent, largely reflecting the amortization of gains due to higher discount rates arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

April to January 2024

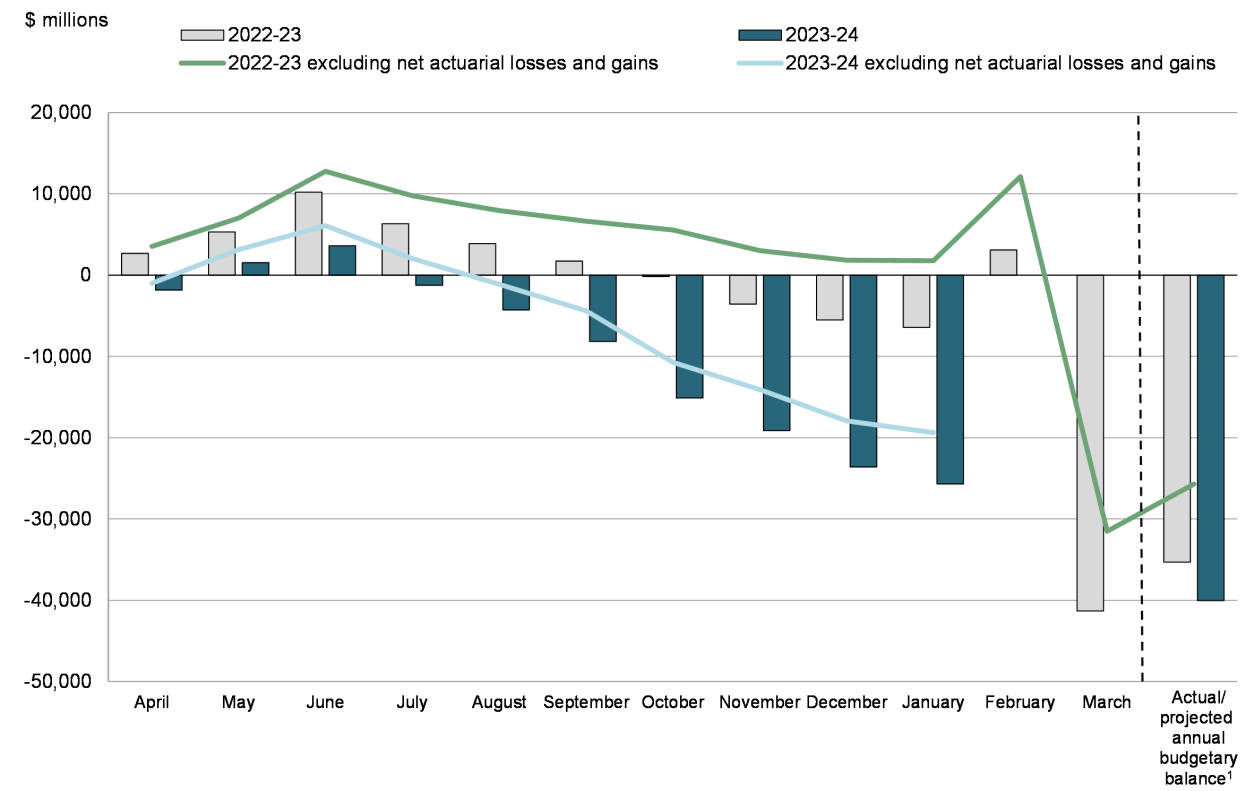
The government posted a budgetary deficit of \$25.7 billion for the April to January period of the 2023-24 fiscal year, compared to a deficit of \$6.4 billion reported for the same period of 2022-23. The budgetary deficit before net actuarial losses was \$19.4 billion, compared to a surplus of \$1.8 billion in the April to January period of 2022-23.

Compared to 2022-23:

- Revenues were up \$10.5 billion, or 3.0 per cent, largely reflecting higher personal income tax revenue, other taxes and duties, and other non-tax revenues. These increases were partially offset by lower corporate income tax revenues.
- Program expenses excluding net actuarial losses were up \$21.2 billion, or 6.7 per cent, reflecting increases across all major categories of spending.
- Public debt charges increased by \$10.3 billion, or 35.9 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by \$1.9 billion, or 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

Chart 2

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



¹Sources: Annual Financial Report of the Government of Canada 2022-2023; 2023 Fall Economic Statement.

Table 1

Summary statement of transactions

\$ millions

	January		April to January	
	2023	2024	2022-23	2023-24
Budgetary transactions				
Revenues	38,815	41,239	348,853	359,308
Expenses				
Program expenses, excluding net actuarial losses	-35,897	-38,529	-318,247	-339,485
Public debt charges	-3,004	-4,139	-28,848	-39,196
Budgetary balance, excluding net actuarial losses	-86	-1,429	1,758	-19,373
Net actuarial losses	-820	-630	-8,200	-6,300
Budgetary balance (deficit/surplus)	-906	-2,059	-6,442	-25,673
Non-budgetary transactions	915	6,599	-32,116	-11,958
Financial source/requirement	9	4,540	-38,558	-37,631
Net change in financing activities	13,616	15,896	30,442	81,064
Net change in cash balances	13,625	20,436	-8,116	43,433
Cash balance at end of period			84,145	85,231

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

Revenues

Revenues in January 2024 totalled \$41.2 billion, up \$2.4 billion, or 6.2 per cent, from January 2023.

- Tax revenues increased by \$1.6 billion, or 4.9 per cent, compared to the same period in 2022-23, largely as a result of higher personal income tax revenue.
- Proceeds from the pollution pricing framework were up \$0.4 billion, or 76.3 per cent, reflecting in part higher carbon pollution pricing in 2024 as well as the inclusion of Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island in the framework for the fuel charge. Direct proceeds continue to be fully returned in the provinces or territories where they are generated.
- Employment Insurance (EI) premium revenues were up \$0.3 billion, or 8.8 per cent, reflecting a higher premium rate.
- Other revenues were up \$0.1 billion, or 4.8 per cent, reflecting higher net foreign exchange revenues.

Revenues for the April to January period of 2023-24 totalled \$359.3 billion, up \$10.5 billion, or 3.0 per cent, from the same period in 2022-23.

- Tax revenues increased by \$3.4 billion, or 1.1 per cent, compared to the same period in 2022-23, owing largely to higher revenue from personal income tax and other taxes and duties, partially offset by lower corporate income tax revenue.
- Proceeds from the pollution pricing framework were up \$1.8 billion, or 30.6 per cent, reflecting higher carbon pollution pricing in 2023-24.
- EI premium revenues were up \$1.8 billion, or 9.2 per cent, reflecting better labour market conditions in the current year and a higher premium rate.
- Other revenues were up \$3.4 billion, or 12.9 per cent, largely reflecting higher interest revenues and net foreign exchange revenues, offset in part by lower net profits from enterprise Crown corporations.

Table 2

Revenues

	January		Change	April to January		
	2023	2024		2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Tax revenues						
Income taxes						
Personal	18,059	19,359	7.2	160,377	171,360	6.8
Corporate	6,263	6,173	-1.4	67,776	57,802	-14.7
Non-resident	2,081	2,294	10.2	11,605	11,106	-4.3
Total income tax revenues	26,403	27,826	5.4	239,758	240,268	0.2
Other taxes and duties						
Goods and Services Tax	5,076	5,109	0.7	41,920	44,547	6.3
Energy taxes	334	466	39.5	4,431	4,637	4.6
Customs import duties	428	441	3.0	5,232	4,722	-9.7
Other excise taxes and duties	477	485	1.7	5,201	5,752	10.6
Total other taxes and duties	6,315	6,501	2.9	56,784	59,658	5.1
Total tax revenues	32,718	34,327	4.9	296,542	299,926	1.1
Proceeds from the pollution pricing framework	561	989	76.3	6,046	7,895	30.6
Employment Insurance premiums	3,039	3,305	8.8	19,969	21,804	9.2
Other revenues	2,497	2,618	4.8	26,296	29,683	12.9
Total revenues	38,815	41,239	6.2	348,853	359,308	3.0

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in January 2024 were \$38.5 billion, up \$2.6 billion, or 7.3 per cent, from January 2023.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were up \$3.3 billion or 41.3 per cent.
 - Elderly benefits increased by \$0.5 billion, or 7.8 per cent, largely reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients.
 - EI benefits increased by \$0.2 billion, or 9.5 per cent, largely reflecting the higher unemployment rate in January 2024 compared to the same period in the previous year.
 - COVID-19 income support for workers was up \$2.3 billion, or 87.4 per cent, primarily reflecting a year-over-year difference in the timing and amount of redeterminations of benefits.
 - Children's benefits were up \$0.2 billion, or 10.2 per cent, mainly reflecting the indexation of benefits to consumer prices.
- Major transfers to other levels of government were up \$1.0 billion, or 14.5 per cent, largely reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as increased transfers under health agreements with provinces and territories.
- Proceeds from the pollution pricing framework returned increased by \$0.8 billion, or 48.6 per cent, largely reflecting an increase in the rate of the Climate Action Incentive and, starting July 2023, the inclusion of Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island in the framework for the fuel charge. Direct proceeds continue to be fully returned in the provinces or territories where they are generated.
- Direct program expenses were down \$2.4 billion, or 12.3 per cent. Within direct program expenses:
 - Other transfer payments decreased by \$3.0 billion, or 30.5 per cent, largely reflecting year-over-year differences in adjustments to provisions for contingent liabilities and loans.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$0.6 billion, or 6.1 per cent, driven in large part by increased personnel expenses.

Public debt charges increased \$1.1 billion, or 37.8 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses and gains, 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 \$0.2 billion, or 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

For the April to January period of 2023-24, program expenses excluding net actuarial losses were \$339.5 billion, up \$21.2 billion, or 6.7 per cent, from the same period the previous year.

- Major transfers to persons were up \$6.2 billion or 6.6 per cent.
 - Elderly benefits increased by \$5.9 billion, or 10.2 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 \$0.4 billion, or 2.1 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI and the timing of Labour Market Development Agreements payments.
 - COVID-19 income support for workers decreased \$0.7 billion, or 29.3 per cent, reflecting an increase in redeterminations of benefits in the current year.
 - Children's benefits were up \$1.4 billion, or 6.8 per cent, mainly reflecting the indexation of benefits to consumer prices.
- Major transfers to other levels of government were up \$6.3 billion, or 8.7 per cent, largely 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 \$3.2 billion, or 49.4 per cent, largely reflecting an increase in the rate of the Climate Action Incentive and, starting July 2023, the inclusion of Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island in the framework for the fuel charge.
- Direct program expenses were up \$5.6 billion, or 3.8 per cent. Within direct program expenses:
 - Other transfer payments increased by \$2.3 billion, or 4.1 per cent, reflecting a number of factors including downward adjustments to provisions for disaster assistance in the prior year, increased disbursements in the current year for the Housing Accelerator Fund and third round of the Rapid Housing Initiative, and increased agricultural supports. This was offset in part by a decrease in international assistance, lower provisions for loans, as well as the one-time, non-taxable grant provided by the government in 2022-23 to alleviate the financial hardship of Guaranteed Income Supplement and Allowance recipients who received pandemic benefits in 2020.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$3.3 billion, or 3.6 per cent, reflecting a number of factors, including higher personnel expenses and year-over-year timing differences of consolidated Crown corporations' expenses, offset in part by lower public health expenses.

Public debt charges increased by \$10.3 billion, or 35.9 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$1.9 billion, or 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

Table 3

Expenses

	January			April to January		
	2023	2024	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	6,050	6,519	7.8	57,204	63,060	10.2
Employment Insurance benefits	2,455	2,688	9.5	18,201	17,814	-2.1
COVID-19 income support for workers ¹	-2,682	-338	87.4	-2,437	-3,152	-29.3
Children's benefits	2,072	2,284	10.2	20,422	21,820	6.8
Total major transfers to persons	7,895	11,153	41.3	93,390	99,542	6.6
Major transfers to other levels of government						
Canada Health Transfer	3,767	4,118	9.3	37,673	41,184	9.3
Canada Social Transfer	1,328	1,368	3.0	13,282	13,680	3.0
Equalization	1,827	1,997	9.3	18,267	19,969	9.3
Territorial Formula Financing	310	329	6.1	3,934	4,177	6.2
Canada-wide early learning and child care	-	-	n/a	2,716	1,788	-34.2
Canada Community-Building Fund	30	39	30.0	1,873	2,224	18.7
Health agreements with provinces/territories ²	166	513	209.0	461	927	101.1
Other fiscal arrangements ³	-623	-569	8.7	-6,102	-5,562	8.8
Total major transfers to other levels of government	6,805	7,795	14.5	72,104	78,387	8.7
Proceeds from the pollution pricing framework returned	1,636	2,431	48.6	6,567	9,810	49.4
Direct program expenses						
Other transfer payments ⁴	9,851	6,848	-30.5	55,470	57,747	4.1
Operating expenses	9,710	10,302	6.1	90,716	93,999	3.6
Total direct program expenses	19,561	17,150	-12.3	146,186	151,746	3.8
Total program expenses, excluding net actuarial losses	35,897	38,529	7.3	318,247	339,485	6.7
Public debt charges	3,004	4,139	37.8	28,848	39,196	35.9
Total expenses, excluding net actuarial losses	38,901	42,668	9.7	347,095	378,681	9.1
Net actuarial losses	820	630	-23.2	8,200	6,300	-23.2
Total expenses	39,721	43,298	9.0	355,295	384,981	8.4

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 represents a recovery from Quebec of a tax point transfer; 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

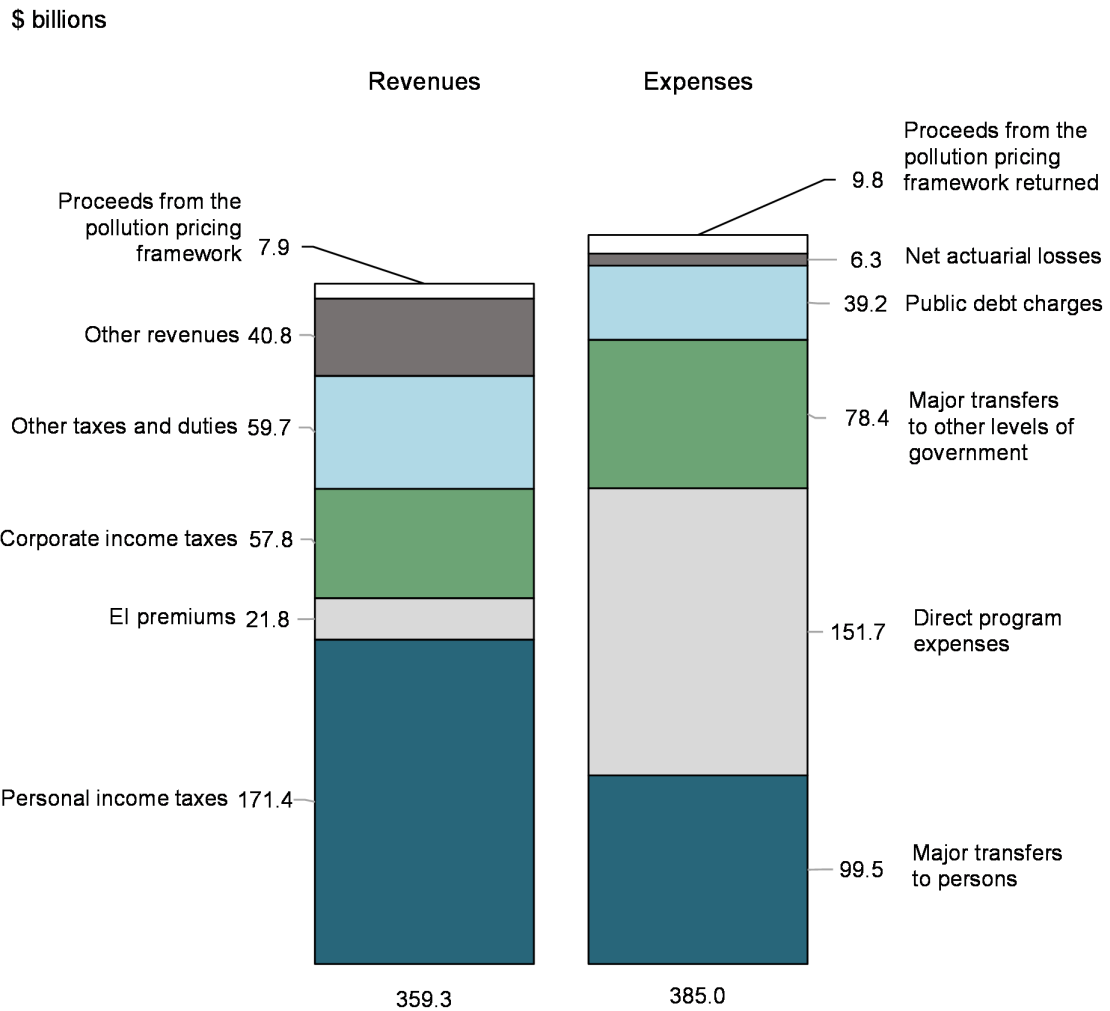
Total expenses by object of expense

	January			April to January		
	2023	2024	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	26,187	28,227	7.8	227,531	245,486	7.9
Other expenses						
Personnel, excluding net actuarial losses	5,271	5,876	11.5	52,502	55,860	6.4
Transportation and communications	210	267	27.1	2,215	2,404	8.5
Information	57	40	-29.8	346	315	-9.0
Professional and special services	1,547	1,800	16.4	12,645	14,170	12.1
Rentals	385	418	8.6	3,314	3,732	12.6
Repair and maintenance	356	374	5.1	3,132	3,282	4.8
Utilities, materials and supplies	753	563	-25.2	7,130	4,361	-38.8
Other subsidies and expenses	700	502	-28.3	5,059	5,407	6.9
Amortization of tangible capital assets	423	452	6.9	4,280	4,371	2.1
Net loss on disposal of assets	8	10	25.0	93	97	4.3
Total other expenses	9,710	10,302	6.1	90,716	93,999	3.6
Total program expenses, excluding net actuarial losses	35,897	38,529	7.3	318,247	339,485	6.7
Public debt charges	3,004	4,139	37.8	28,848	39,196	35.9
Total expenses, excluding net actuarial losses	38,901	42,668	9.7	347,095	378,681	9.1
Net actuarial losses	820	630	-23.2	8,200	6,300	-23.2
Total expenses	39,721	43,298	9.0	355,295	384,981	8.4

Note: Totals may not add due to rounding.

Chart 3

Revenues and expenses (April 2023 to January 2024)



Note: Totals may not add due to rounding.

Financial requirement of \$37.6 billion for April 2023 to January 2024

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 \$25.7 billion and a requirement of \$12.0 billion from non-budgetary transactions, there was a financial requirement of \$37.6 billion for the April 2023 to January 2024 period, compared to a financial requirement of \$38.6 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	January		April to January	
	2023	2024	2022-23	2023-24
Budgetary balance (deficit/surplus)	-906	-2,059	-6,442	-25,673
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	-4,244	3,205	-24,809	-7,971
Pensions, other future benefits, and other liabilities	5,576	384	16,063	9,902
Foreign exchange accounts and derivatives	-621	1,064	-14,771	-8,907
Loans, investments and advances	405	2,712	-6,549	-1,180
Non-financial assets	-201	-766	-2,050	-3,802
Total non-budgetary transactions	915	6,599	-32,116	-11,958
Financial source/requirement	9	4,540	-38,558	-37,631

Note: Totals may not add due to rounding.

Net financing activities up \$81.1 billion

The government financed this financial requirement of \$37.6 billion and increased cash balances by \$43.4 billion by increasing unmatured debt by \$81.1 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills and marketable bonds.

Cash balances at the end of January 2024 stood at \$85.2 billion, up \$1.1 billion from their level at the end of January 2023.

Table 6

Financial source/requirement and net financing activities

\$ millions

	January		April to January	
	2023	2024	2022-23	2023-24
Financial source/requirement	9	4,540	-38,558	-37,631
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	13,228	17,469	27,989	29,221
Treasury bills	731	134	1,412	46,637
Total Canadian currency borrowings	13,959	17,603	29,401	75,858
Foreign currency borrowings	-348	-1,723	1,239	5,381
Total market debt transactions	13,611	15,880	30,640	81,239
Obligations related to capital leases and other unmaturing debt	5	16	-198	-175
Net change in financing activities	13,616	15,896	30,442	81,064
Change in cash balance	13,625	20,436	-8,116	43,433
Cash balance at end of period			84,145	85,231

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 remeasurement gains and losses.

Remeasurement gains and losses include:

- 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, and
- certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by consolidated Crown corporations, enterprise Crown corporations, and other government business enterprises.

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.

The accumulated deficit increased by \$28.7 billion over the April 2023 to January 2024 period, reflecting the \$25.7-billion budgetary deficit and \$3.0 billion in net remeasurement losses.

Table 7

Condensed statement of assets and liabilities

\$ millions

	March 31, 2023	January 31, 2024	Change
Liabilities			
Accounts payable and accrued liabilities	259,440	255,951	-3,489
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,044,997	1,074,218	29,221
Treasury bills	198,899	245,536	46,637
Subtotal	1,243,896	1,319,754	75,858
Payable in foreign currencies	16,034	21,415	5,381
Obligations related to capital leases and other unmaturing debt	5,110	4,935	-175
Total unmaturing debt	1,265,040	1,346,104	81,064
Pension and other liabilities			
Public sector pensions	166,425	161,127	-5,298
Other employee and veteran future benefits	177,949	193,267	15,318
Other liabilities	7,339	7,221	-118
Total pension and other liabilities	351,713	361,615	9,902
Total interest-bearing debt	1,616,753	1,707,719	90,966
Foreign exchange accounts liabilities	44,151	43,767	-384
Derivatives ¹	4,689	1,111	-3,578
Total liabilities	1,925,033	2,008,548	83,515
Financial assets			
Cash and accounts receivable	243,520	291,435	47,915
Foreign exchange accounts assets	169,390	175,718	6,328
Derivatives ¹	3,260	36	-3,224
Loans, investments, and advances (net of allowances) ²	213,110	213,147	37
Public sector pension assets	12,996	12,996	-
Total financial assets	642,276	693,332	51,056
Net debt	1,282,757	1,315,216	32,459
Non-financial assets	109,744	113,546	3,802
Federal debt (accumulated deficit)	1,173,013	1,201,670	28,657

Note: Totals may not add due to rounding.

¹ January 31, 2024 net balance of derivative assets and derivative liabilities includes net remeasurement losses of \$1.8 billion resulting from the change in their fair values over the April 2023 to January 2024 period.

² January 31, 2024 amount includes \$1.1 billion in net remeasurement losses from enterprise Crown corporations and other government business enterprises, and from changes in the fair value of investments held by consolidated Crown corporations, for the April 2023 to January 2024 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.

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

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March 2024