



Department of Finance
Canada

Ministère des Finances
Canada

The Fiscal Monitor

A publication of the Department of Finance

Financial Results for April and May 2024

Canada

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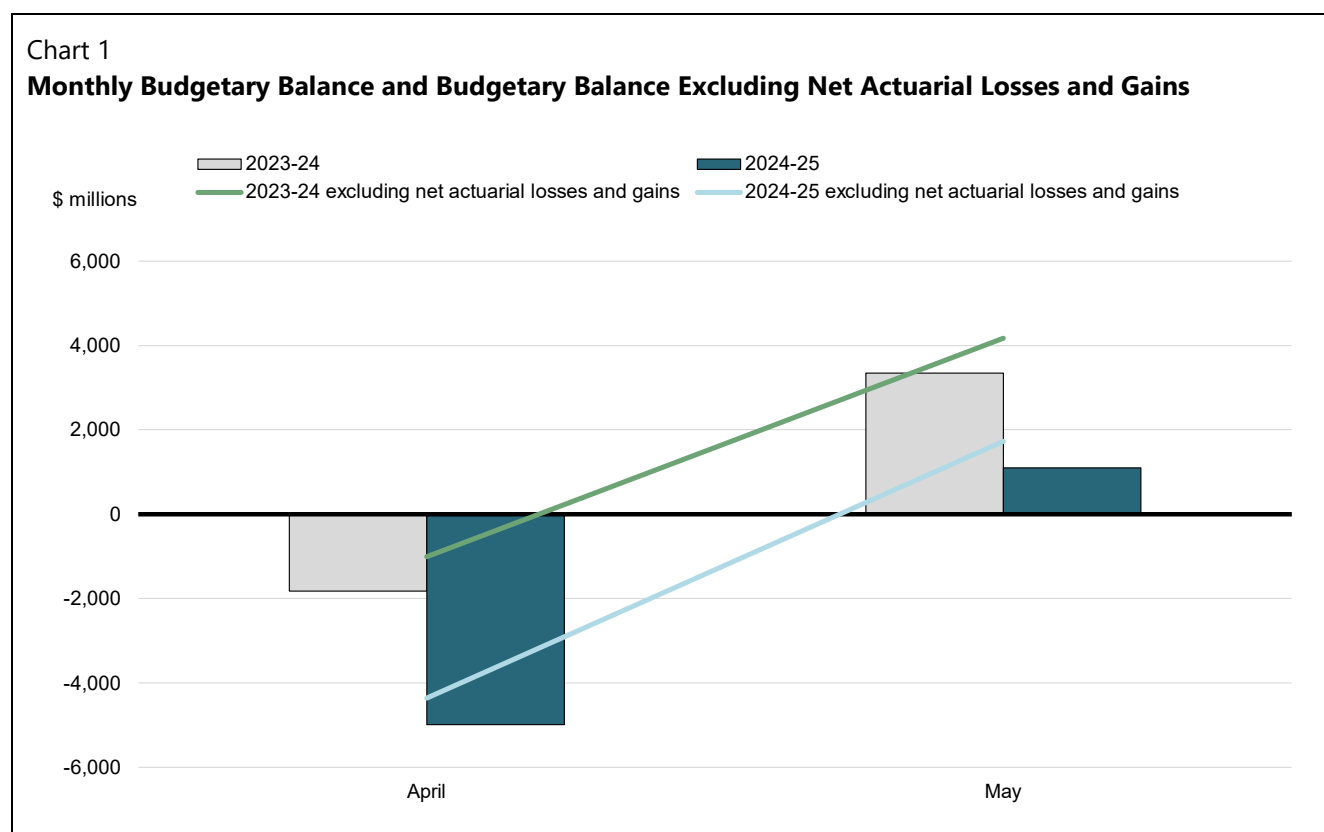
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Highlights

April and May 2024

For the first two months of the 2024-25 fiscal year (April and May), there was a budgetary deficit of \$3.9 billion, compared to a surplus of \$1.5 billion reported for the same period of 2023-24. By month, there was a deficit of \$5.0 billion in April and a surplus of \$1.1 billion in May 2024.

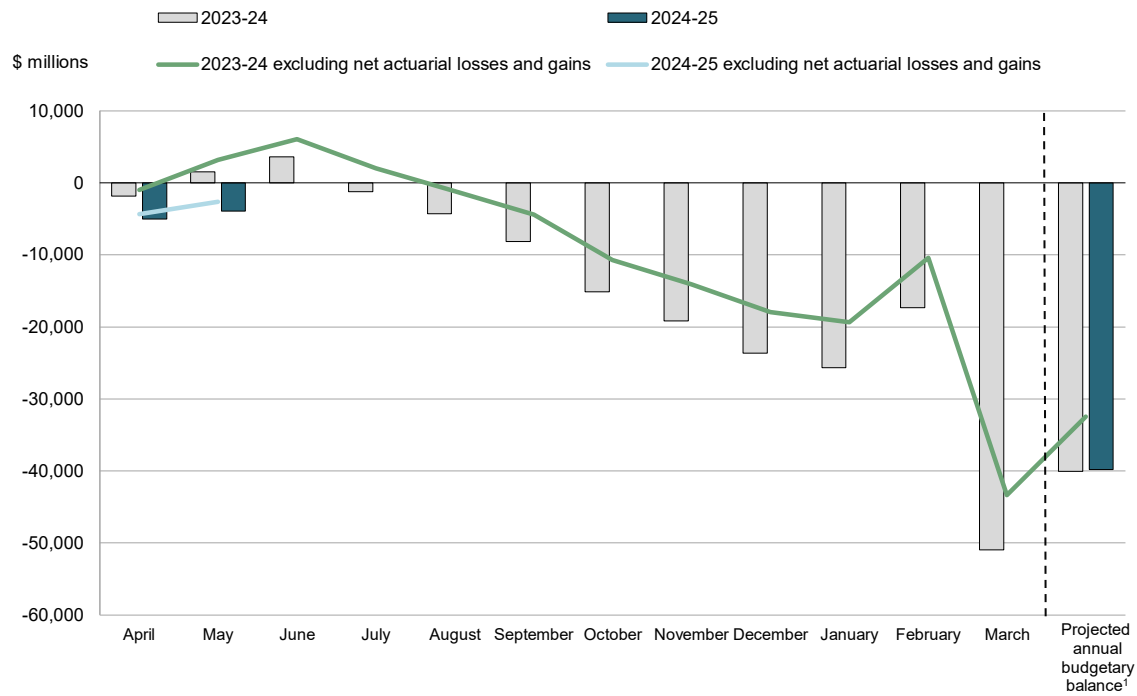
The budgetary deficit before net actuarial losses and gains was \$2.6 billion, compared to a surplus of \$3.2 billion in the April to May period of 2023-24. The budgetary balance before net actuarial losses and gains is intended to supplement the traditional budgetary balance and improve the transparency 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.



For the two months combined:

- Revenues were up \$6.5 billion, or 8.9 per cent, largely reflecting higher tax revenues.
- Program expenses excluding net actuarial losses were up \$10.0 billion, or 15.9 per cent, reflecting increases across most major categories of spending.
- Public debt charges increased by \$2.3 billion, or 33.8 per cent, largely reflecting higher interest on marketable bonds and treasury bills.
- Net actuarial losses decreased by \$0.4 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*.

Chart 2
Year-to-Date Budgetary Balance and Budgetary Balance Excluding Net Actuarial Losses and Gains



¹ Source: Budget 2024

Table 1
Summary statement of transactions
\$ millions

	April		May		April to May	
	2023	2024	2023	2024	2023-24	2024-25
Budgetary transactions						
Revenues	35,045	41,008	37,917	38,482	72,962	79,490
Expenses						
Program expenses, excluding net actuarial losses	-32,937	-40,943	-29,955	-31,932	-62,892	-72,875
Public debt charges	-3,115	-4,429	-3,796	-4,819	-6,911	-9,248
Budgetary balance, excluding net actuarial losses	-1,007	-4,364	4,166	1,731	3,159	-2,633
Net actuarial losses	-820	-630	-820	-630	-1,640	-1,260
Budgetary balance (deficit/surplus)	-1,827	-4,994	3,346	1,101	1,519	-3,893
Non-budgetary transactions	-17,714	-15,305	-3,840	-8,048	-21,554	-23,353
Financial source/requirement	-19,541	-20,299	-494	-6,947	-20,035	-27,246
Net change in financing activities	36,763	664	1,120	8,139	37,883	8,803
Net change in cash balances	17,222	-19,635	626	1,192	17,848	-18,443
Cash balance at end of period					59,646	48,212

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

Revenues

Revenues for the April to May period of 2024-25 totalled \$79.5 billion, up \$6.5 billion, or 8.9 per cent, from the same period in 2023-24.

- Tax revenues increased by \$4.5 billion, or 7.5 per cent, compared to the same period in 2023-24, owing largely to higher revenue from personal income tax, corporate income tax, and the Goods and Services Tax.
- Pollution pricing proceeds to be returned to Canadians were up \$0.4 billion, or 29.3 per cent, reflecting higher carbon pollution pricing in 2024-25. Direct proceeds continue to be fully returned in the provinces or territories where they are generated.
- Employment Insurance (EI) premium revenues were up \$0.6 billion, or 10.3 per cent, reflecting better labour market conditions in the current year and a higher premium rate.
- Other revenues were up \$1.0 billion, or 17.0 per cent, largely reflecting higher revenues from sales of goods and services, and higher interest revenues.

Table 2

Revenues

	April		May		April to May		
	2023	2024	2023	2024	2023-24	2024-25	Change
	(\$ millions)						(%)
Tax revenues							
Income taxes							
Personal	17,178	18,218	15,505	16,306	32,683	34,524	5.6
Corporate	5,671	7,429	7,124	6,597	12,795	14,026	9.6
Non-resident	1,068	1,405	1,152	1,066	2,220	2,471	11.3
Total income tax revenues	23,917	27,052	23,781	23,969	47,698	51,021	7.0
Other taxes and duties							
Goods and Services Tax	4,191	5,259	5,219	5,355	9,410	10,614	12.8
Energy taxes	270	398	462	447	732	845	15.4
Customs import duties	354	382	548	460	902	842	-6.7
Other excise taxes and duties	447	368	668	658	1,115	1,026	-8.0
Total other taxes and duties	5,262	6,407	6,897	6,920	12,159	13,327	9.6
Total tax revenues	29,179	33,459	30,678	30,889	59,857	64,348	7.5
Pollution pricing proceeds to be returned to Canadians	667	860	828	1,073	1,495	1,933	29.3
Employment Insurance premiums	2,853	3,110	2,703	3,017	5,556	6,127	10.3
Other revenues	2,346	3,579	3,708	3,503	6,054	7,082	17.0
Total revenues	35,045	41,008	37,917	38,482	72,962	79,490	8.9

Note: Totals may not add due to rounding.

Expenses

For the April to May period of 2024-25, program expenses excluding net actuarial losses were \$72.9 billion, up \$10.0 billion, or 15.9 per cent, from the same period the previous year.

- Major transfers to persons were up \$2.6 billion or 14.0 per cent.
 - Elderly benefits increased by \$0.9 billion, or 7.3 per cent, largely reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed.
 - EI benefits increased by \$0.5 billion, or 16.2 per cent, reflecting a higher unemployment rate and changes to the sickness benefit which increased the number of beneficiaries compared to the previous year.
 - COVID-19 income support for workers increased \$0.7 billion, or 81.0 per cent, reflecting a decrease in redeterminations of benefits in the current year.
 - Children's benefits were up \$0.5 billion, or 11.3 per cent, mainly reflecting the indexation of benefits to consumer prices, and an increase in the number of eligible children.
- Major transfers to provinces, territories and municipalities were up \$3.0 billion, or 19.4 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, and a \$2.2-billion year-over-year difference in the timing of payments under health agreements, including transfers under new tailored bilateral agreements with provinces and territories on shared health priorities. Transfers under these agreements were made towards the end of the previous fiscal year, however total annual payments are expected to be similar in both years.
- Pollution pricing proceeds returned to Canadians increased by \$0.4 billion, or 20.3 per cent, largely reflecting an increase in the rate of the Canada Carbon Rebate (previously known as 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 up \$4.0 billion, or 14.8 per cent. Within direct program expenses:
 - Other transfer payments increased by \$3.0 billion, or 28.6 per cent, reflecting a number of factors including higher transfers with respect to Indigenous Peoples, funding for the Local Leadership for Climate Adaptation initiative to help communities adapt to climate change, an increase in payments for the Canada Greener Homes Grant and incentives for zero-emission vehicles, and an increase in Canada Workers Benefit payments.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$1.0 billion, or 6.1 per cent, largely reflecting an increase in personnel costs.

Public debt charges increased by \$2.3 billion, or 33.8 per cent, largely reflecting higher interest on marketable bonds and treasury bills.

Net actuarial losses decreased by \$0.4 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

	April		May		April to May		Change
	2023	2024	2023	2024	2023-24	2024-25	
	(\$ millions)						(%)
Major transfers to persons							
Elderly benefits	6,091	6,523	6,169	6,631	12,260	13,154	7.3
Employment Insurance benefits	1,835	2,311	1,357	1,398	3,192	3,709	16.2
COVID-19 income support for workers ¹	-336	-101	-566	-70	-902	-171	81.0
Children's benefits	2,119	2,276	2,010	2,320	4,129	4,596	11.3
Total major transfers to persons	9,709	11,009	8,970	10,279	18,679	21,288	14.0
Major transfers to provinces, territories and municipalities							
Canada Health Transfer	4,119	4,340	4,118	4,340	8,237	8,680	5.4
Canada Social Transfer	1,368	1,409	1,368	1,409	2,736	2,818	3.0
Equalization	1,996	2,105	1,997	2,104	3,993	4,209	5.4
Territorial Formula Financing	773	826	774	825	1,547	1,651	6.7
Canada-wide early learning and child care	-	-	-	-	-	-	n/a
Canada Community-Building Fund	-	-	-	-	-	-	n/a
Health agreements with provinces/territories ²	-	2,171	-	15	-	2,186	n/a
Other fiscal arrangements ³	-595	-623	-596	-624	-1,191	-1,247	-4.7
Total major transfers to provinces, territories and municipalities	7,661	10,228	7,661	8,069	15,322	18,297	19.4
Pollution pricing proceeds returned to Canadians	1,658	2,141	465	413	2,123	2,554	20.3
Direct program expenses							
Other transfer payments	6,328	9,300	4,033	4,020	10,361	13,320	28.6
Operating expenses	7,581	8,265	8,826	9,151	16,407	17,416	6.1
Total direct program expenses	13,909	17,565	12,859	13,171	26,768	30,736	14.8
Total program expenses, excluding net actuarial losses	32,937	40,943	29,955	31,932	62,892	72,875	15.9
Public debt charges	3,115	4,429	3,796	4,819	6,911	9,248	33.8
Total expenses, excluding net actuarial losses	36,052	45,372	33,751	36,751	69,803	82,123	17.6
Net actuarial losses	820	630	820	630	1,640	1,260	-23.2
Total expenses	36,872	46,002	34,571	37,381	71,443	83,383	16.7

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 and territories include the *Working Together* bilateral agreements and *Aging with Dignity* bilateral agreements were integrated. Remaining funding under the *Home and Community Care, and Mental Health and Addictions Services* bilateral agreements were integrated into these 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.

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

Table 4

Total expenses by object of expense

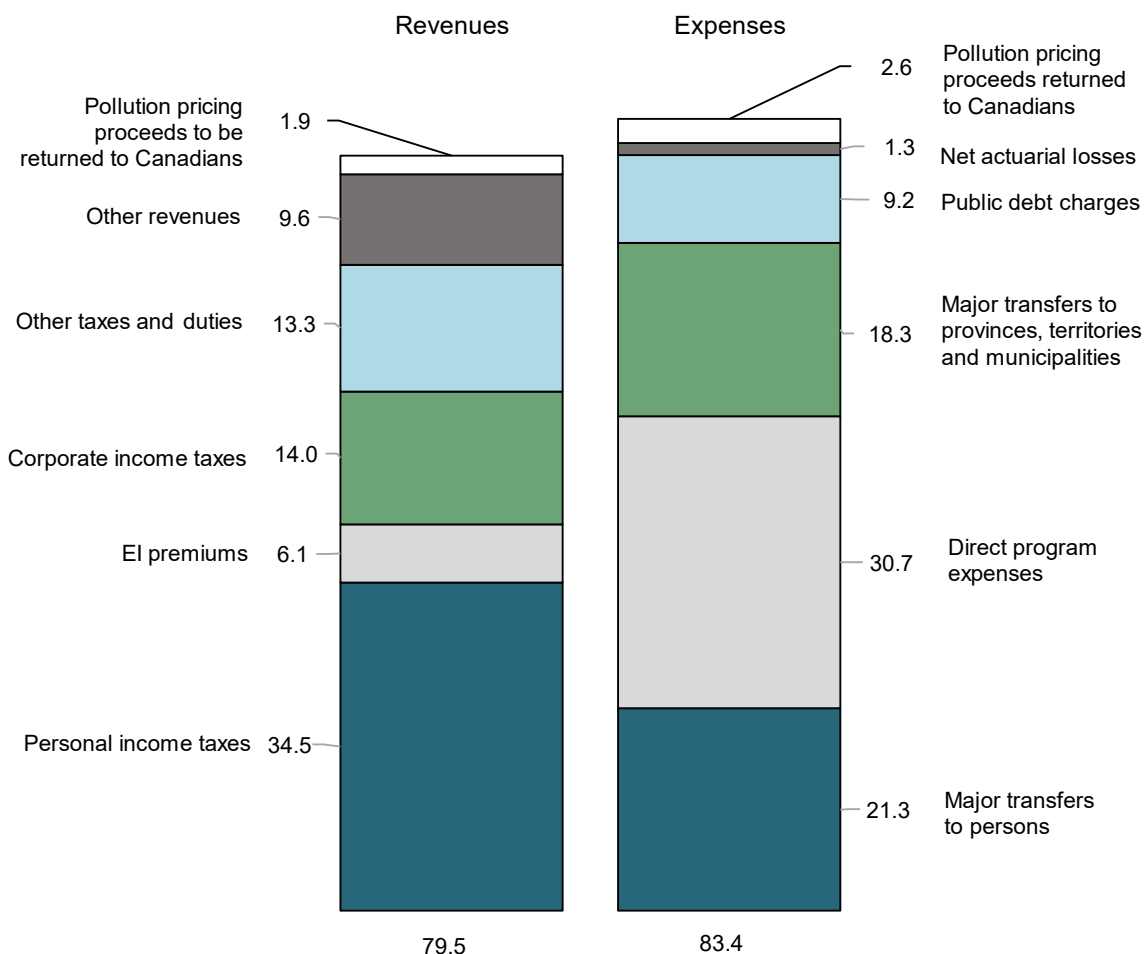
	April		May		April to May		Change
	2023	2024	2023	2024	2023-24	2024-25	
	(\$ millions)						(%)
Transfer payments	25,356	32,678	21,129	22,781	46,485	55,459	19.3
Other expenses							
Personnel, excluding net actuarial losses	4,936	5,456	5,454	6,020	10,390	11,476	10.5
Transportation and communications	58	101	238	226	296	327	10.5
Information	13	11	23	27	36	38	5.6
Professional and special services	361	421	958	1,146	1,319	1,567	18.8
Rentals	336	332	479	420	815	752	-7.7
Repair and maintenance	104	129	207	187	311	316	1.6
Utilities, materials and supplies	89	142	424	268	513	410	-20.1
Other subsidies and expenses	1,253	1,226	590	406	1,843	1,632	-11.4
Amortization of tangible capital assets	425	441	446	444	871	885	1.6
Net loss on disposal of assets	6	6	7	7	13	13	0.0
Total other expenses	7,581	8,265	8,826	9,151	16,407	17,416	6.1
Total program expenses, excluding net actuarial losses	32,937	40,943	29,955	31,932	62,892	72,875	15.9
Public debt charges	3,115	4,429	3,796	4,819	6,911	9,248	33.8
Total expenses, excluding net actuarial losses	36,052	45,372	33,751	36,751	69,803	82,123	17.6
Net actuarial losses	820	630	820	630	1,640	1,260	-23.2
Total expenses	36,872	46,002	34,571	37,381	71,443	83,383	16.7

Note: Totals may not add due to rounding.

Chart 3

Revenues and expenses (April to May 2024)

\$ billions



Note: Totals may not add due to rounding.

Financial requirement of \$27.2 billion for April to May 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 \$3.9 billion and a requirement of \$23.4 billion from non-budgetary transactions, there was a financial requirement of \$27.2 billion for the April to May 2024 period, compared to a financial requirement of \$20.0 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	April		May		April to May	
	2023	2024	2023	2024	2023-24	2024-25
Budgetary balance (deficit/surplus)	-1,827	-4,994	3,346	1,101	1,519	-3,893
Non-budgetary transactions						
Accounts payable, accrued liabilities and accounts receivable	-11,548	-6,787	-3,136	-3,855	-14,684	-10,642
Pensions, other future benefits, and other liabilities	321	188	1,349	879	1,670	1,067
Foreign exchange accounts and derivatives	-5,816	-6,880	-1,751	-578	-7,567	-7,458
Loans, investments and advances	-1,035	-2,018	-142	-4,104	-1,177	-6,122
Non-financial assets	364	192	-160	-390	204	-198
Total non-budgetary transactions	-17,714	-15,305	-3,840	-8,048	-21,554	-23,353
Financial source/requirement	-19,541	-20,299	-494	-6,947	-20,035	-27,246

Note: Totals may not add due to rounding.

Net financing activities up \$8.8 billion

The government financed this financial requirement of \$27.2 billion by drawing down cash balances by \$18.4 billion and increasing unmatured debt by \$8.8 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills and foreign currency borrowings.

Cash balances at the end of May 2024 stood at \$48.2 billion, down \$11.4 billion from their level at the end of May 2023.

Table 6

Financial source/requirement and net financing activities

\$ millions

	April		May		April to May	
	2023	2024	2023	2024	2023-24	2024-25
Financial source/requirement	-19,541	-20,299	-494	-6,947	-20,035	-27,246
Net increase (+)/decrease (-) in financing activities						
Unmatured debt transactions						
Canadian currency borrowings						
Marketable bonds	20,264	-13,342	-17,333	3,488	2,931	-9,854
Treasury bills	10,255	9,072	18,071	4,589	28,326	13,661
Total Canadian currency borrowings	30,519	-4,270	738	8,077	31,257	3,807
Foreign currency borrowings	6,308	4,980	367	84	6,675	5,064
Total market debt transactions	36,827	710	1,105	8,161	37,932	8,871
Obligations related to capital leases and other unmaturred debt	-64	-46	15	-22	-49	-68
Net change in financing activities	36,763	664	1,120	8,139	37,883	8,803
Change in cash balance	17,222	-19,635	626	1,192	17,848	-18,443
Cash balance at end of period					59,646	48,212

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 announced measures 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 2024