

Department of Finance Canada

The Fiscal Monitor

A publication of the Department of Finance

Highlights

November 2013: budgetary deficit of \$0.6 billion

There was a budgetary deficit of \$0.6 billion in November 2013, compared to a deficit of \$1.7 billion in November 2012.

Revenues increased by \$1.7 billion, or 8.2 per cent, reflecting increases in most revenue streams. Program expenses increased by \$0.6 billion, or 3.3 per cent. Public debt charges decreased by \$0.1 billion, or 2.0 per cent.

April to November 2013: budgetary deficit of \$13.8 billion

For the April to November 2013 period of the 2013–14 fiscal year, the budgetary deficit stood at \$13.8 billion, compared to a deficit of \$13.6 billion reported in the same period of 2012–13. Absent the impact of the 2013 Alberta flood and the gain realized on the sale of General Motors common stock, the deficit for the April to November 2013 period would have been \$11.7 billion.

Revenues were up \$5.8 billion, or 3.6 per cent, reflecting increases in personal income tax, non-resident income tax, Goods and Services Tax (GST), Employment Insurance (EI) premium and other revenues. Program expenses were up \$6.1 billion, or 3.9 per cent, reflecting increases in major transfers to persons and other levels of government and direct program expenses. Public debt charges were down \$0.1 billion, or 0.5 per cent.

November 2013

There was a budgetary deficit of \$0.6 billion in November 2013, compared to a deficit of \$1.7 billion in November 2012.

Revenues increased by \$1.7 billion, or 8.2 per cent, to \$21.8 billion.

- Personal income tax revenues were up \$0.8 billion, or 7.7 per cent.
- Corporate income tax revenues were up \$0.1 billion, or 4.2 per cent.
- Non-resident income tax revenues were up \$0.1 billion, or 16.6 per cent.
- Excise taxes and duties were up \$0.6 billion, or 16.3 per cent. GST revenues were up \$0.6 billion, or 22.1 per cent, following a large decrease in the previous month. Energy taxes and other excise taxes and duties were each up \$13 million, while customs import duties were up \$21 million.
- EI premium revenues were up \$0.1 billion, or 10.4 per cent, consistent with the 2013 premium rate of \$1.88 per \$100 of insurable earnings.
- Other revenues, consisting of net profits from enterprise Crown corporations, revenues of consolidated Crown corporations, revenues from sales of goods and services, returns on investments,

net foreign exchange revenues and miscellaneous revenues, were down \$35 million, or 1.7 per cent.

Program expenses in November 2013 were \$20.0 billion, up \$0.6 billion, or 3.3 per cent, from November 2012.

- Major transfers to persons, consisting of elderly, EI and children's benefits, increased by \$0.2 billion, or 2.7 per cent. Elderly benefits increased by \$0.1 billion, or 3.7 per cent, due to growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments increased by \$24 million, or 1.9 per cent. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by \$5 million, or 0.4 per cent.
- Major transfers to other levels of government consist of federal transfers in support of health and other social programs (primarily the Canada Health Transfer and the Canada Social Transfer), fiscal arrangements and other transfers (Equalization, transfers to the territories, as well as a number of smaller transfer programs), transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement. Major transfers to other levels of government increased by \$0.2 billion, or 4.6 per cent, due to legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Direct program expenses include transfer payments to individuals and other organizations not included in major transfers to persons and other levels of government, and other direct program expenses, which consist of operating expenses of National Defence, other departments and agencies, and expenses of Crown corporations. Direct program expenses were up \$0.3 billion, or 3.1 per cent, from the previous year. Within direct program expenses:
 - Transfer payments increased by \$0.3 billion, or 12.4 per cent.
 - Other direct program expenses decreased by \$43 million, or 0.7 per cent.

Public debt charges decreased by \$0.1 billion, or 2.0 per cent.

April to November 2013

For the April to November 2013 period of the 2013–14 fiscal year, there was a budgetary deficit of \$13.8 billion, compared to a deficit of \$13.6 billion reported during the same period of 2012–13.

Revenues increased by \$5.8 billion, or 3.6 per cent, to \$166.7 billion.

- Personal income tax revenues were up \$3.0 billion, or 3.7 per cent.
- Corporate income tax revenues were down \$0.9 billion, or 4.5 per cent.
- Non-resident income tax revenues were up \$0.3 billion, or 9.0 per cent.
- Excise taxes and duties were up \$0.9 billion, or 3.1 per cent, largely reflecting a \$0.9-billion increase in GST revenues. Energy taxes decreased by \$16 million, customs import duties increased by \$0.1 billion, and other excise taxes and duties decreased by \$0.1 billion.
- EI premium revenues were up \$1.1 billion, or 9.3 per cent, reflecting growth in insurable earnings and the 2013 premium rate of \$1.88 per \$100 of insurable earnings.
- Other revenues were up \$1.3 billion, or 8.2 per cent, largely reflecting the gain realized on the sale of General Motors common shares in September 2013 as well as an increase in interest and penalties on taxes receivable.

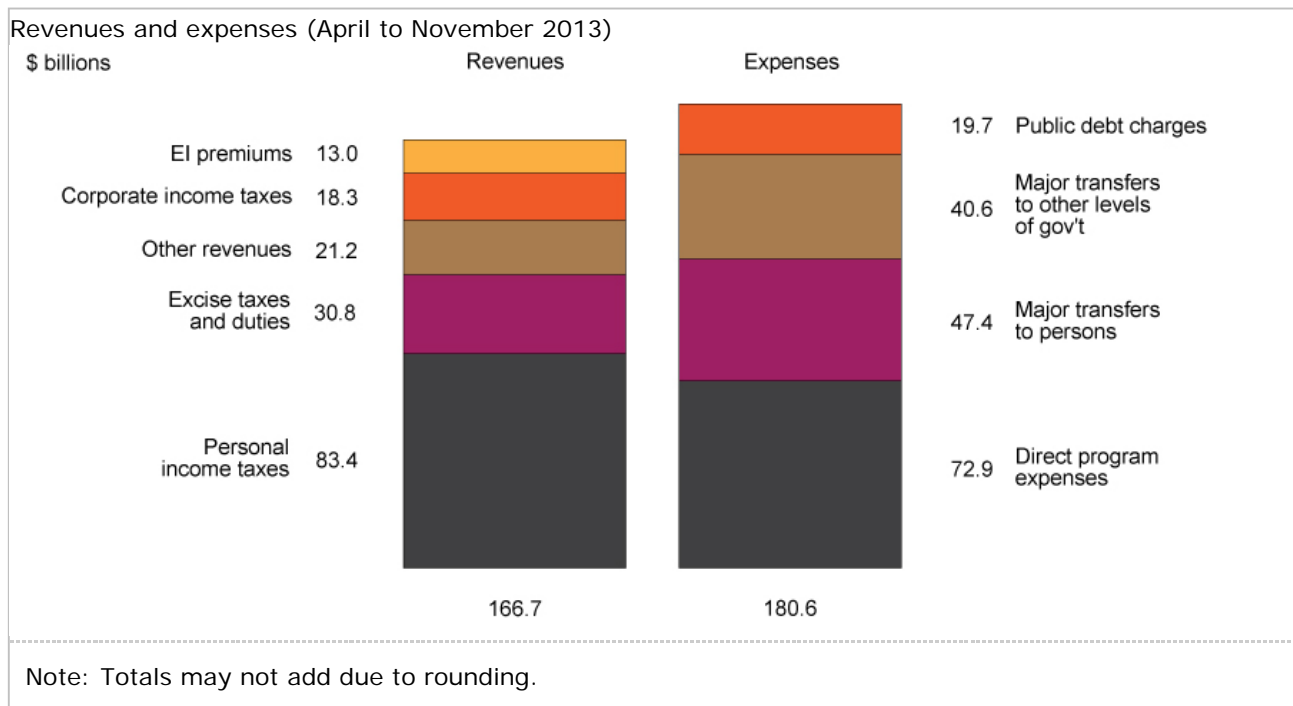
For the April to November 2013 period, program expenses were \$160.9 billion, up \$6.1 billion, or 3.9 per cent, from the same period the previous year.

- Major transfers to persons were up \$1.1 billion, or 2.5 per cent. Elderly benefits increased by

\$1.1 billion, or 4.0 per cent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments decreased by \$35 million, or 0.3 per cent, and children's benefits were up \$0.1 billion, or 1.2 per cent.

- Major transfers to other levels of government were up \$1.4 billion, or 3.5 per cent, due to legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, offset in part by a decrease in total transfer protection payments.
- Direct program expenses were up \$3.6 billion, or 5.1 per cent. Within direct program expenses:
 - Transfer payments increased by \$3.7 billion, or 18.3 per cent, largely reflecting the accrual of a liability for disaster assistance related to the 2013 flood in Alberta and an increase in expenses associated with the revaluation of the Government's liability to Ontario for the province's one-third participation in the value of the Government's equity holdings in General Motors.
 - Other direct program expenses decreased by \$0.1 billion, or 0.2 per cent.

Public debt charges decreased by \$0.1 billion, or 0.5 per cent.



Financial requirement of \$2.0 billion for April to November 2013

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 \$13.8 billion and a source of \$11.8 billion from non-budgetary transactions, there was a financial requirement of \$2.0 billion for the April to November 2013 period, compared to a financial requirement of \$21.8 billion for the same period the previous year. The decrease in the financial

requirement over the previous year mainly reflects the repayment of principal on assets maturing under the Insured Mortgage Purchase Program.

Net financing activities up \$8.3 billion

The Government financed this financial requirement of \$2.0 billion and increased cash balances by \$6.3 billion by increasing market debt by \$8.3 billion. The increase in market debt was achieved primarily through the issuance of marketable bonds. The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of November 2013 stood at \$30.6 billion, up \$5.5 billion from their level at the end of November 2012, largely reflecting increased deposits held with the Bank of Canada under the Government's prudential liquidity plan.

Table 1
Summary statement of transactions
\$ millions

	November		April to November	
	2012 ¹	2013	2012–13 ¹	2013–14
Budgetary transactions				
Revenues	20,146	21,801	160,963	166,727
Expenses				
Program expenses	-19,357	-20,002	-154,804	-160,888
Public debt charges	-2,463	-2,413	-19,778	-19,686
Budgetary balance (deficit/surplus)	-1,674	-614	-13,619	-13,847
Non-budgetary transactions	2,158	6,385	-8,218	11,848
Financial source/requirement	484	5,771	-21,837	-1,999
Net change in financing activities	8,296	-7,108	33,619	8,269
Net change in cash balances	8,780	-1,337	11,782	6,270
Cash balance at end of period			25,116	30,582

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

¹ Comparative figures have been restated to reflect accounting changes in 2013–14 and to conform with the presentation in the *Public Accounts of Canada 2013*.

Table 2 Revenues						
	November			April to November		
	2012 (\$ millions)	2013 (\$ millions)	Change (%)	2012-13 (\$ millions)	2013-14 (\$ millions)	Change (%)
Tax revenues						
Income taxes						
Personal income tax ¹	10,395	11,196	7.7	80,475	83,428	3.7
Corporate income tax ²	2,584	2,692	4.2	19,126	18,268	-4.5
Non-resident income tax ³	458	534	16.6	3,197	3,486	9.0
Total income tax	13,437	14,422	7.3	102,798	105,182	2.3
Excise taxes and duties						
Goods and Services Tax	2,555	3,119	22.1	19,822	20,755	4.7
Energy taxes	442	455	2.9	3,623	3,607	-0.4
Customs import duties	310	331	6.8	2,703	2,847	5.3
Other excise taxes and duties	432	445	3.0	3,721	3,579	-3.8
Total excise taxes and duties	3,739	4,350	16.3	29,869	30,788	3.1
Total tax revenues	17,176	18,772	9.3	132,667	135,970	2.5
Employment Insurance premiums	903	997	10.4	11,933	13,047	9.3
Other revenues⁴	2,067	2,032	-1.7	16,363	17,710	8.2
Total revenues	20,146	21,801	8.2	160,963	166,727	3.6

Note: Totals may not add due to rounding.

¹ Comparative figures have been restated to reflect a change in methodology for reporting monthly personal income tax revenue.

² Comparative figures have been restated to reflect a change in methodology for reporting monthly corporate income tax revenue.

³ Comparative figures have been restated to reflect a change in methodology for reporting monthly non-resident income tax revenue.

⁴ Comparative figures have been restated to reflect the reclassification of interest owed to taxpayers from other revenues to other direct program expenses of departments and agencies.

Table 3 Expenses						
	November			April to November		
	2012 (\$ millions)	2013 (\$ millions)	Change (%)	2012-13 (\$ millions)	2013-14 (\$ millions)	Change (%)
Major transfers to persons						
Elderly benefits	3,393	3,517	3.7	26,649	27,711	4.0
Employment Insurance benefits	1,249	1,273	1.9	10,889	10,854	-0.3
Children's benefits	1,121	1,126	0.4	8,727	8,834	1.2
Total	5,763	5,916	2.7	46,265	47,399	2.5
Major transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	2,425	2,544	4.9	19,236	20,365	5.9
Canada Social Transfer	988	1,018	3.0	7,906	8,144	3.0
Total	3,413	3,562	4.4	27,142	28,509	5.0
Fiscal arrangements and other transfers	1,522	1,565	2.8	13,268	13,204	-0.5
Canada's cities and communities	181	174	-3.9	1,511	1,661	9.9
Quebec Abatement	-343	-309	-9.9	-2,747	-2,822	2.7
Total	4,773	4,992	4.6	39,174	40,552	3.5
Direct program expenses						
Transfer payments						
Aboriginal Affairs and Northern Development	419	683	63.0	3,857	4,016	4.1
Agriculture and Agri-Food	114	211	85.1	705	684	-3.0
Employment and Social Development	535	581	8.6	3,684	3,649	-1.0
Foreign Affairs, Trade and Development	198	190	-4.0	1,446	1,621	12.1
Health	245	202	-17.6	1,721	1,905	10.7
Industry	146	144	-1.4	1,401	1,569	12.0
Other	883	845	-4.3	7,244	10,292	42.1
Total	2,540	2,856	12.4	20,058	23,736	18.3
Other direct program expenses						
Crown corporations	560	504	-10.0	5,111	5,044	-1.3
National Defence	1,560	1,716	10.0	13,435	13,168	-2.0
All other departments and agencies ¹	4,161	4,018	-3.4	30,761	30,989	0.7
Total	6,281	6,238	-0.7	49,307	49,201	-0.2

Total other direct program expenses						
Total direct program expenses	8,821	9,094	3.1	69,365	72,937	5.1
Total program expenses	19,357	20,002	3.3	154,804	160,888	3.9
Public debt charges	2,463	2,413	-2.0	19,778	19,686	-0.5
Total expenses	21,820	22,415	2.7	174,582	180,574	3.4

Note: Totals may not add due to rounding.

¹ Comparative figures have been restated to reflect the reclassification of interest owed to taxpayers from other revenues to other direct program expenses of departments and agencies.

Table 4
The budgetary balance and financial source/requirement
\$ millions

	November		April to November	
	2012	2013	2012–13	2013–14
Budgetary balance (deficit/surplus)	-1,674	-614	-13,619	-13,847
Non-budgetary transactions				
Capital investment activities	-680	45	-1,984	-2,516
Other investing activities	-411	6,863	-3,421	21,147
Pension and other accounts	246	589	3,818	3,336
Other activities				
Accounts payable, receivables, accruals and allowances ¹	2,429	957	-11,450	-6,660
Foreign exchange activities	226	-1,914	2,083	-5,725
Amortization of tangible capital assets	348	-155	2,736	2,266
Total other activities	3,003	-1,112	-6,631	-10,119
Total non-budgetary transactions	2,158	6,385	-8,218	11,848
Financial source/requirement	484	5,771	-21,837	-1,999

Note: Totals may not add due to rounding.

¹ Comparative figures have been restated to reflect a change in methodology for reporting monthly personal, corporate and non-resident income tax revenues.

Table 5

Financial source/requirement and net financing activities

\$ millions

	November		April to November	
	2012	2013	2012-13	2013-14
Financial source/requirement	484	5,771	-21,837	-1,999
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	3,770	-3,301	12,794	9,660
Treasury bills	6,100	-4,200	21,000	-4,500
Retail debt	-1,416	-1,099	-1,659	-1,343
Other	0	0	-11	0
Total	8,454	-8,600	32,124	3,817
Foreign currency borrowings	-28	401	-38	872
Total	8,426	-8,199	32,086	4,689
Cross-currency swap revaluation	-184	915	275	3,299
Unamortized discounts and premiums on market debt	36	168	1,343	266
Obligations related to capital leases and other unamatured debt	18	8	-85	15
Net change in financing activities	8,296	-7,108	33,619	8,269
Change in cash balance	8,780	-1,337	11,782	6,270

Note: Totals may not add due to rounding.

Table 6 Condensed statement of assets and liabilities \$ millions			
	March 31, 2013	November 30, 2013	Change
Liabilities			
Accounts payable and accrued liabilities	118,744	112,810	-5,934
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	469,039	478,699	9,660
Treasury bills	180,689	176,189	-4,500
Retail debt	7,481	6,138	-1,343
Subtotal	657,209	661,026	3,817
Payable in foreign currencies	10,802	11,674	872
Cross-currency swap revaluation	-3,419	-120	3,299
Unamortized discounts and premiums on market debt	-2,156	-1,890	266
Obligations related to capital leases and other unmatured debt	4,564	4,579	15
Total unamatured debt	667,000	675,269	8,269
Pension and other liabilities			
Public sector pensions	151,667	152,200	533
Other employee and veteran future benefits	67,301	70,263	2,962
Other liabilities	6,046	5,887	-159
Total pension and other liabilities	225,014	228,350	3,336
Total interest-bearing debt	892,014	903,619	11,605
Total liabilities	1,010,758	1,016,429	5,671
Financial assets			
Cash and accounts receivable	124,154	131,150	6,996
Foreign exchange accounts	58,759	64,484	5,725
Loans, investments, and advances (net of allowances) ¹	156,482	138,392	-18,090
Total financial assets	339,395	334,026	-5,369
Net debt	671,363	682,403	11,040
Non-financial assets	68,922	69,172	250
Federal debt (accumulated deficit)	602,441	613,231	10,790

Note: Totals may not add due to rounding.

¹ November 30, 2013 amount includes \$3.1 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April to November 2013 period.

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

For inquiries about this publication, contact Nicholas Leswick at 613-995-6391.

January 2014

© Her Majesty the Queen in Right of Canada (2014)

All rights reserved

All requests for permission to reproduce this document or any part thereof shall be addressed to the Department of Finance Canada.

Cette publication est également disponible en français.

Cat. No.: F12-4/2013E-PDF

ISSN: 1487-0134

Date modified: 2014-01-31