



Department of Finance Canada



The Fiscal Monitor

A publication of the Department of Finance

Highlights

February 2014: budgetary surplus of \$5.1 billion

There was a budgetary surplus of \$5.1 billion in February 2014, compared to a surplus of \$3.2 billion in February 2013.

Revenues increased by \$2.1 billion, or 8.4 per cent, reflecting increases in all revenue streams. Program expenses increased by \$0.1 billion, or 0.5 per cent, while public debt charges increased by \$0.1 billion, or 3.2 per cent.

April 2013 to February 2014: budgetary deficit of \$5.4 billion

For the April 2013 to February 2014 period of the 2013–14 fiscal year, the budgetary deficit stood at \$5.4 billion, compared to a deficit of \$10.7 billion for the same period of 2012–13.

Revenues were up \$10.8 billion, or 4.7 per cent, reflecting increases in most revenue streams. Program expenses were up \$5.7 billion, or 2.6 per cent, reflecting increases in major transfers to persons and other levels of government and direct program expenses. Public debt charges were down \$0.2 billion, or 0.7 per cent.

February 2014

There was a budgetary surplus of \$5.1 billion in February 2014, compared to a surplus of \$3.2 billion in February 2013.

Revenues increased by \$2.1 billion, or 8.4 per cent, to \$27.2 billion.

- Personal income tax revenues were up \$1.0 billion, or 9.9 per cent.
- Corporate income tax revenues were up \$0.7 billion, or 10.9 per cent.
- Non-resident income tax revenues were up \$47 million, or 10.7 per cent.
- Excise taxes and duties were up \$0.2 billion, or 5.5 per cent. Goods and Services Tax (GST) revenues were up \$0.1 billion, or 5.0 per cent. Energy taxes increased by \$15 million, customs import duties increased by \$14 million, and other excise taxes and duties increased by \$46 million.
- Employment Insurance (EI) premium revenues were up \$0.1 billion, or 4.6 per cent.
- 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 up \$40 million, or 2.0 per cent.

Program expenses were \$19.9 billion, up \$0.1 billion, or 0.5 per cent, from the previous year.

- Major transfers to persons, consisting of elderly, EI and children's benefits, increased by \$0.2 billion, or 3.7 per cent. Elderly benefits increased by \$0.1 billion, or 3.0 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 \$0.1 billion, or 4.7 per cent. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by \$45 million, or 4.3 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 \$0.1 billion, or 2.9 per cent, reflecting 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 and other departments and agencies and expenses of Crown corporations. Direct program expenses were down \$0.3 billion, or 3.0 per cent, from the previous year. Within direct program expenses:
 - Transfer payments decreased by \$15 million, or 0.6 per cent.
 - Other direct program expenses decreased by \$0.3 billion, or 3.9 per cent.

Public debt charges increased by \$0.1 billion, or 3.2 per cent.

April 2013 to February 2014

For the April 2013 to February 2014 period of the 2013–14 fiscal year, there was a budgetary deficit of \$5.4 billion, compared to a deficit of \$10.7 billion for the same period of 2012–13.

Revenues increased by \$10.8 billion, or 4.7 per cent, to \$242.8 billion.

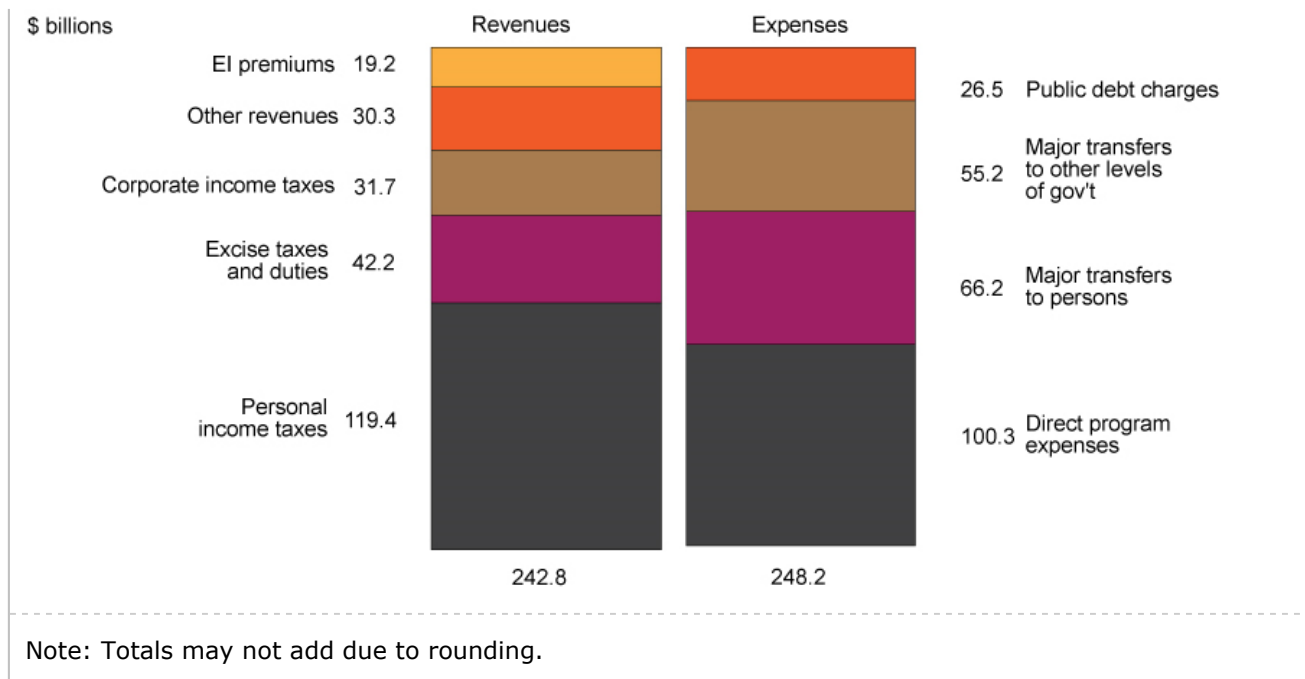
- Personal income tax revenues were up \$4.4 billion, or 3.8 per cent.
- Corporate income tax revenues were up \$0.1 billion, or 0.4 per cent.
- Non-resident income tax revenues were up \$1.0 billion, or 21.2 per cent.
- Excise taxes and duties were up \$1.9 billion, or 4.8 per cent, largely reflecting a \$1.8-billion increase in GST revenues. Energy taxes increased by \$17 million, customs import duties increased by \$0.2 billion, and other excise taxes and duties decreased by \$0.2 billion.
- EI premium revenues were up \$1.4 billion, or 8.2 per cent, reflecting growth in insurable earnings and the EI premium rate of \$1.88 per \$100 of insurable earnings for 2013 and 2014.
- Other revenues were up \$1.9 billion, or 8.5 per cent, reflecting in part the gain realized on the sale of General Motors common shares in September 2013.

Program expenses were \$221.8 billion, up \$5.7 billion, or 2.6 per cent, from the same period the previous year.

- Major transfers to persons were up \$1.5 billion, or 2.3 per cent. Elderly benefits increased by \$1.4 billion, or 3.7 per cent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments increased by \$0.1 billion, or 0.3 per cent, and children's benefits were up \$0.1 billion, or 0.8 per cent.
- Major transfers to other levels of government were up \$1.9 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 \$2.3 billion, or 2.4 per cent. Within direct program expenses:
 - Transfer payments increased by \$3.2 billion, or 11.0 per cent, largely reflecting the accrual of a liability for disaster assistance related to the 2013 flood in Alberta.
 - Other direct program expenses decreased by \$0.9 billion, or 1.3 per cent.

Public debt charges decreased by \$0.2 billion, or 0.7 per cent.

Revenues and expenses (April 2013 to February 2014)



Financial source of \$8.0 billion for April 2013 to February 2014

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 \$5.4 billion and a source of \$13.4 billion from non-budgetary transactions, there was a financial source of \$8.0 billion for the April 2013 to February 2014 period, compared to a financial requirement of \$26.6 billion for the same period the previous year. The change in the financial source/requirement over the previous year mainly reflects the repayment of principal on assets maturing under the Insured Mortgage Purchase Program.

Net financing activities down \$2.1 billion

The Government used this financial source of \$8.0 billion to reduce its unmatured debt by \$2.1 billion and increase its cash balances by \$5.9 billion. The reduction in unmatured debt was achieved primarily through a decrease in treasury bills. 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 February 2014 stood at \$30.2 billion, up \$4.1 billion from their level at the end of February 2013, largely reflecting increased deposits held with the Bank of Canada under the Government's prudential liquidity plan.

Table 1
Summary statement of transactions
\$ millions

	February	April to February
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	2013 ¹	2014	2012-13 ¹	2013-14
Budgetary transactions				
Revenues	25,112	27,231	231,984	242,817
Expenses				
Program expenses	-19,784	-19,875	-216,038	-221,756
Public debt charges	-2,138	-2,207	-26,627	-26,452
Budgetary balance (deficit/surplus)	3,190	5,149	-10,681	-5,391
Non-budgetary transactions	-7,268	-565	-15,964	13,409
Financial source/requirement	-4,078	4,584	-26,645	8,018
Net change in financing activities	12,312	-6,343	39,415	-2,090
Net change in cash balances	8,234	-1,759	12,770	5,928
Cash balance at end of period			26,103	30,242
Note: Positive numbers indicate a net source of funds. Negative numbers indicate a 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 <i>Public Accounts of Canada 2013</i> .				

Table 2
Revenues

	February			April to February		
	2013 (\$ millions)	2014 (\$ millions)	Change (%)	2012-13 (\$ millions)	2013-14 (\$ millions)	Change (%)
Tax revenues						
Income taxes						
Personal income tax ¹	10,586	11,635	9.9	115,058	119,440	3.8
Corporate income tax ²	6,263	6,945	10.9	31,552	31,673	0.4
Non-resident income tax ³	440	487	10.7	4,902	5,941	21.2
Total income tax	17,289	19,067	10.3	151,512	157,054	3.7
Excise taxes and duties						
Goods and Services Tax	2,240	2,351	5.0	26,543	28,389	7.0
Energy taxes	442	457	3.4	4,976	4,993	0.3
Customs import duties	331	345	4.2	3,662	3,900	6.5
Other excise taxes and duties	363	409	12.7	5,080	4,907	-3.4
Total excise taxes and duties	3,376	3,562	5.5	40,261	42,189	4.8
Total tax revenues	20,665	22,629	9.5	191,773	199,243	3.9
Employment Insurance premiums	2,479	2,594	4.6	17,728	19,173	8.2
Other revenues⁴	1,968	2,008	2.0	22,483	24,401	8.5
Total revenues	25,112	27,231	8.4	231,984	242,817	4.7

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

	February			April to February		
	2013	2014	Change	2012-13	2013-14	Change
	(\$ millions)	(\$ millions)	(%)	(\$ millions)	(\$ millions)	(%)
Major transfers to persons						
Elderly benefits	3,430	3,533	3.0	36,905	38,271	3.7
Employment Insurance benefits	1,610	1,685	4.7	15,805	15,858	0.3
Children's benefits	1,047	1,092	4.3	11,975	12,073	0.8
Total	6,087	6,310	3.7	64,685	66,202	2.3
Major transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	2,425	2,545	4.9	26,511	27,999	5.6
Canada Social Transfer	988	1,018	3.0	10,871	11,197	3.0
Total	3,413	3,563	4.4	37,382	39,196	4.9
Fiscal arrangements and other transfers	1,497	1,565	4.5	17,787	17,917	0.7
Canada's cities and communities	106	29	-72.6	1,964	1,997	1.7
Quebec Abatement	-343	-348	1.5	-3,777	-3,866	2.4
Total	4,673	4,809	2.9	53,356	55,244	3.5
Direct program expenses						
Transfer payments						
Aboriginal Affairs and Northern Development	424	392	-7.5	5,180	5,109	-1.4
Agriculture and Agri-Food	146	274	87.7	1,381	1,222	-11.5
Employment and Social Development	415	474	14.2	5,145	5,271	2.4
Foreign Affairs, Trade and Development	281	314	11.7	2,510	2,549	1.6
Health	140	101	-27.9	2,284	2,490	9.0
Industry	192	194	1.0	1,958	2,221	13.4
Other	954	788	-17.4	10,506	13,300	26.6
Total	2,552	2,537	-0.6	28,964	32,162	11.0
Other direct program expenses						
Crown corporations	550	579	5.3	7,109	6,813	-4.2
National Defence	2,013	1,761	-12.5	18,736	18,575	-0.9
All other departments and agencies ¹	3,909	3,879	-0.8	43,188	42,760	-1.0
Total other direct program expenses	6,472	6,219	-3.9	69,033	68,148	-1.3

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

	February		April to February	
	2013	2014	2012-13	2013-14
Budgetary balance (deficit/surplus)	3,190	5,149	-10,681	-5,391
Non-budgetary transactions				
Capital investment activities	-760	-248	-3,455	-3,652
Other investing activities	-3	7,686	-3,124	36,809
Pension and other accounts	-402	379	4,462	4,758
Other activities				
Accounts payable, receivables, accruals and allowances ¹	-3,986	-4,287	-15,742	-13,758
Foreign exchange activities	-2,404	-4,372	-1,733	-14,157
Amortization of tangible capital assets	287	277	3,628	3,409
Total other activities	-6,103	-8,382	-13,847	-24,506
Total non-budgetary transactions	-7,268	-565	-15,964	13,409
Financial source/requirement	-4,078	4,584	-26,645	8,018
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

	February		April to February	
	2013	2014	2012-13	2013-14
Financial source/requirement	-4,078	4,584	-26,645	8,018
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	7,618	-3,209	22,545	13,137
Treasury bills	3,500	-7,100	13,900	-25,900
Retail debt	-65	-60	-1,415	-1,136
Other	0	0	-11	0
Total	11,053	-10,369	35,019	-13,899
Foreign currency borrowings	190	3,752	379	5,469
Total	11,243	-6,617	35,398	-8,430
Cross-currency swap revaluation	946	49	1,975	5,725
Unamortized discounts and premiums on market debt	-300	218	1,773	647
Obligations related to capital leases and other unmaturred debt	423	7	269	-32
Net change in financing activities	12,312	-6,343	39,415	-2,090
Change in cash balance	8,234	-1,759	12,770	5,928

Note: Totals may not add due to rounding.

Table 6
Condensed statement of assets and liabilities
\$ millions

	March 31, 2013	February 28, 2014	Change
Liabilities			
Accounts payable and accrued liabilities	118,744	117,688	-1,056
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	469,039	482,176	13,137
Treasury bills	180,689	154,789	-25,900
Retail debt	7,481	6,345	-1,136
Subtotal	657,209	643,310	-13,899
Payable in foreign currencies	10,802	16,271	5,469
Cross-currency swap revaluation	-3,419	2,306	5,725
Unamortized discounts and premiums on market debt	-2,156	-1,509	647
Obligations related to capital leases and other unamortized debt	4,564	4,533	-31
Total unamortized debt	667,000	664,911	-2,089
Pension and other liabilities			
Public sector pensions	151,667	152,530	863
Other employee and veteran future benefits	67,301	71,441	4,140
Other liabilities	6,046	5,801	-245
Total pension and other liabilities	225,014	229,772	4,758
Total interest-bearing debt	892,014	894,683	2,669
Total liabilities	1,010,758	1,012,371	1,613
Financial assets			
Cash and accounts receivable	124,154	142,785	18,631
Foreign exchange accounts	58,759	72,916	14,157
Loans, investments, and advances (net of allowances) ¹	156,482	122,991	-33,491
Total financial assets	339,395	338,692	-703
Net debt	671,363	673,679	2,316
Non-financial assets	68,922	69,165	243
Federal debt (accumulated deficit)	602,441	604,514	2,073

Note: Totals may not add due to rounding.

¹ February 28, 2014 amount includes \$3.3 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April 2013 to February 2014 period.

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

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April 2014

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