



Department of Finance  
Canada

Ministère des Finances  
Canada

# THE FISCAL MONITOR

A publication of the Department of Finance

Financial results for November 2019

Canada

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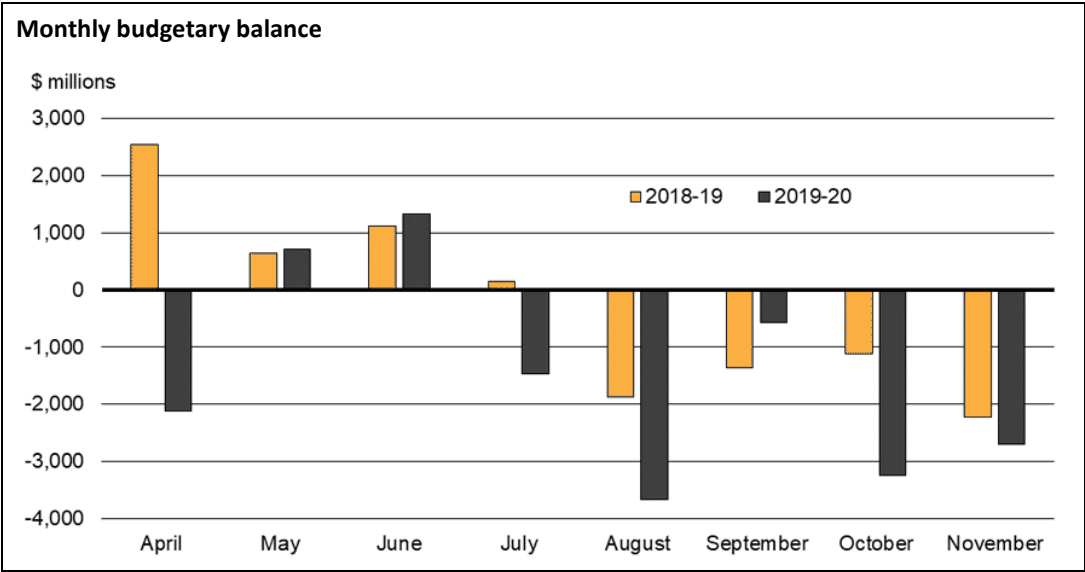
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# Highlights

## November 2019

There was a budgetary deficit of \$2.7 billion in November 2019, compared to a deficit of \$2.2 billion in November 2018. Revenues increased by \$0.8 billion, or 3.1%, largely reflecting an increase in income tax revenues. Program expenses increased by \$1.3 billion, or 5.2%, reflecting increases in major transfers to persons and major transfers to other levels of government. Public debt charges decreased by \$0.1 billion, or 3.4%, reflecting in part lower monthly Consumer Price Index adjustments on Real Return Bonds.



## April to November 2019

For the April to November period of the 2019–20 fiscal year, the government posted a budgetary deficit of \$11.8 billion, compared to a deficit of \$2.1 billion reported for the same period of 2018–19. Revenues were up \$5.7 billion, or 2.7%, largely reflecting an increase in personal income tax revenues. Program expenses were up \$14.8 billion, or 7.5%, reflecting increases in major transfers to persons, major transfers to other levels of government and direct program expenses. Public debt charges increased by \$0.6 billion, or 3.5%, largely reflecting higher Consumer Price Index adjustments on Real Return Bonds and a higher average effective interest rate on the stock of Government of Canada treasury bills.

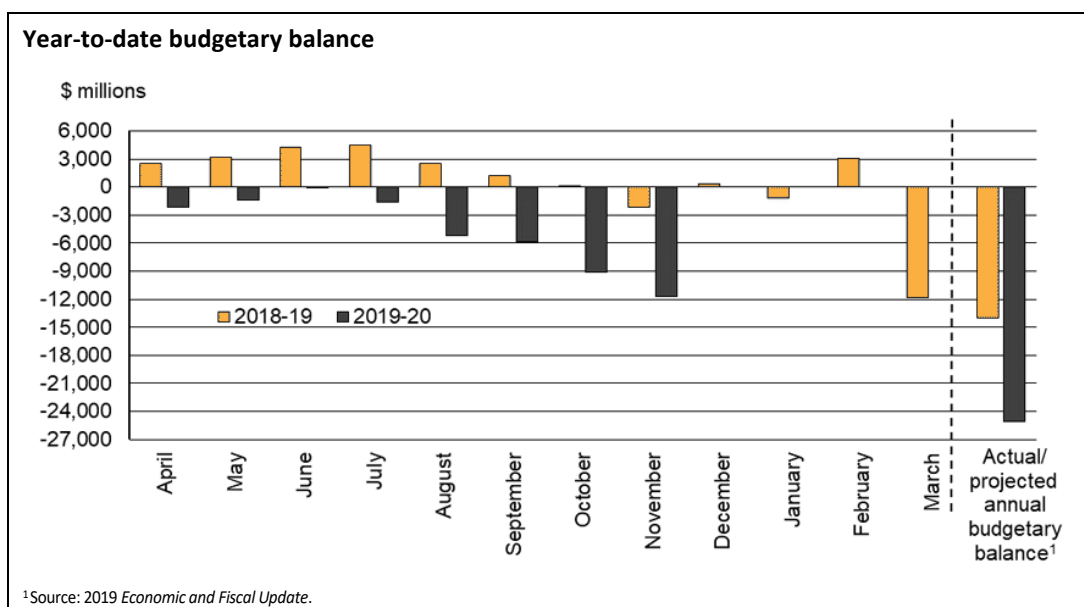


Table 1

**Summary statement of transactions**

\$ millions

	November		April to November	
	2018 Restated <sup>1</sup>	2019	2018–19 Restated <sup>1</sup>	2019–20
<b>Budgetary transactions</b>				
Revenues	25,362	26,160	210,014	215,692
Expenses				
Program expenses	-25,881	-27,218	-196,296	-211,047
Public debt charges	-1,700	-1,642	-15,845	-16,399
Budgetary balance (deficit/surplus)	-2,219	-2,700	-2,127	-11,754
<b>Non-budgetary transactions</b>	2,829	-148	-9,756	-5,830
<b>Financial source/requirement</b>	610	-2,848	-11,883	-17,584
<b>Net change in financing activities</b>	-6,048	-7,544	14,394	17,157
<b>Net change in cash balances</b>	-5,438	-10,392	2,511	-427
<b>Cash balance at end of period</b>			40,187	39,578

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

<sup>1</sup> Certain comparative figures have been restated to reflect a change in accounting policy. See Note 8 at the end of this document for further details.

## Revenues

Revenues in November 2019 totalled \$26.2 billion, up \$0.8 billion, or 3.1%, from November 2018.

- Tax revenues increased by \$0.4 billion, or 1.8%.
- Fuel charge proceeds assessed under the federal carbon pollution pricing system totalled \$0.2 billion.
- Employment Insurance (EI) premium revenues increased by \$0.1 billion, or 8.5%.
- 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 \$0.2 billion, or 7.6%.

For the April to November period of 2019–20, revenues were \$215.7 billion, up \$5.7 billion, or 2.7%, from the same period the previous year.

- Tax revenues increased by \$3.7 billion, or 2.1%, driven largely by growth in personal income tax revenues. The increase in tax revenues for the April to November period includes \$28 million from the federal portion of assessed cannabis excise duties.
- Assessed fuel charge proceeds totalled \$0.9 billion over the period.
- EI premium revenues were up \$0.4 billion, or 2.9%.
- Other revenues were up \$0.8 billion, or 4.0%.

Table 2

**Revenues**

	<b>November</b>			<b>April to November</b>		
	<b>2018</b>	<b>2019</b>	<b>Change</b>	<b>2018–19</b>	<b>2019–20</b>	<b>Change</b>
	<b>Restated<sup>1</sup></b>			<b>Restated<sup>1</sup></b>		
	<b>(\$ millions)</b>		<b>(%)</b>	<b>(\$ millions)</b>		<b>(%)</b>
<b>Tax revenues</b>						
Income taxes						
Personal	12,642	14,107	11.6	100,283	106,209	5.9
Corporate	4,246	3,449	-18.8	31,258	30,317	-3.0
Non-resident	678	1,123	65.6	6,068	6,339	4.5
Total income tax revenues	17,566	18,679	6.3	137,609	142,865	3.8
Other taxes and duties						
Goods and Services Tax	2,994	2,584	-13.7	27,817	27,211	-2.2
Energy taxes	462	483	4.5	3,868	3,864	-0.1
Customs import duties	645	353	-45.3	4,810	3,576	-25.7
Other excise taxes and duties	470	428	-8.9	4,122	4,365	5.9
Total other taxes and duties	4,571	3,848	-15.8	40,617	39,016	-3.9
Total tax revenues	22,137	22,527	1.8	178,226	181,881	2.1
<b>Fuel charge proceeds</b>	0	154	n/a	0	885	n/a
<b>Employment Insurance premiums</b>	965	1,047	8.5	13,151	13,536	2.9
<b>Other revenues</b>	2,260	2,432	7.6	18,637	19,390	4.0
<b>Total revenues</b>	25,362	26,160	3.1	210,014	215,692	2.7

Note: Totals may not add due to rounding.

<sup>1</sup> Certain comparative figures have been restated to reflect a change in accounting policy. See Note 8 at the end of this document for further details.

## Expenses

Program expenses in November 2019 were \$27.2 billion, up \$1.3 billion, or 5.2%, from November 2018.

- Major transfers to persons, consisting of elderly, EI and children's benefits, were up \$0.9 billion, or 11.8%. This is primarily due to an increase in EI benefits of \$0.6 billion, or 50.0%, attributable to a change in the timing of payments to provinces and territories under the Labour Market Development Agreements, which fund skills training and employment assistance. In addition, elderly benefits increased by \$0.3 billion, or 5.6%, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. Children's benefits were up \$0.1 billion, or 2.5%.
- Major transfers to other levels of government were up \$0.4 billion, or 6.6%, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, and an increase in payments under home care and mental health transfers.
- Direct program expenses were down \$15 million, or 0.1%. Within direct program expenses:
  - Fuel charge proceeds returned reflected \$7 million in payments under the federal carbon pollution pricing system.
  - Other transfer payments decreased by \$0.1 billion, or 2.5%.
  - Other direct program expenses, consisting of operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities, increased by \$0.1 billion, or 0.9%.

Public debt charges were down \$0.1 billion, or 3.4%, reflecting in part lower monthly Consumer Price Index adjustments on Real Return Bonds.

For the April to November period of 2019–20, program expenses were \$211.0 billion, up \$14.8 billion, or 7.5%, from the same period the previous year.

- Major transfers to persons were up \$2.4 billion, or 3.7%. Elderly benefits increased by \$1.8 billion, or 5.0%, reflecting growth in the elderly population and changes in consumer prices. EI benefits increased by \$0.3 billion, or 2.8%. Children's benefits were up \$0.3 billion, or 1.6%.
- Major transfers to other levels of government were up \$4.6 billion, or 9.4%, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories; an increase in Gas Tax Fund transfers due to year-over-year timing differences; an increase in payments under home care and mental health transfers; and, \$1.9 billion in transfers under the new Hibernia Dividend Backed Annuity Agreement reached on April 1, 2019 between Canada and Newfoundland and Labrador.
- Direct program expenses were up \$7.8 billion, or 9.2%. Within direct program expenses:
  - Fuel charge proceeds returned totalled \$1.3 billion.
  - Other transfer payments increased by \$1.1 billion, or 4.4%, reflecting increases across a number of departments.
  - Other direct program expenses increased by \$5.4 billion, or 9.2%, reflecting in part an increase in personnel costs.

Public debt charges increased by \$0.6 billion, or 3.5%, largely reflecting higher Consumer Price Index adjustments on Real Return Bonds and a higher average effective interest rate on the stock of Government of Canada treasury bills.

Table 3

**Expenses**

	November			April to November		
	2018 Restated <sup>1</sup>	2019	Change	2018–19 Restated <sup>1</sup>	2019–20	Change
	(\$ millions)		(%)	(\$ millions)		(%)
<b>Major transfers to persons</b>						
Elderly benefits	4,500	4,753	5.6	35,317	37,093	5.0
Employment Insurance benefits	1,217	1,826	50.0	11,687	12,015	2.8
Children's benefits	2,008	2,059	2.5	15,926	16,177	1.6
Total major transfers to persons	7,725	8,638	11.8	62,930	65,285	3.7
<b>Major transfers to other levels of government</b>						
Canada Health Transfer	3,215	3,364	4.6	25,722	26,915	4.6
Canada Social Transfer	1,180	1,215	3.0	9,441	9,724	3.0
Equalization	1,580	1,653	4.6	12,639	13,228	4.7
Territorial Formula Financing	257	268	4.3	2,756	2,874	4.3
Gas Tax Fund	497	586	17.9	1,582	1,994	26.0
Home care and mental health	329	465	41.3	476	1,015	113.2
Other fiscal arrangements <sup>2</sup>	-428	-482	12.6	-3,400	-1,915	-43.7
Total major transfers to other levels of government	6,630	7,069	6.6	49,216	53,835	9.4
<b>Direct program expenses</b>						
Fuel charge proceeds returned	0	7	n/a	0	1,275	n/a
Other transfer payments	3,657	3,564	-2.5	25,823	26,961	4.4
Other direct program expenses	7,869	7,940	0.9	58,327	63,691	9.2
Total direct program expenses	11,526	11,511	-0.1	84,150	91,927	9.2
<b>Total program expenses</b>	25,881	27,218	5.2	196,296	211,047	7.5
<b>Public debt charges</b>	1,700	1,642	-3.4	15,845	16,399	3.5
<b>Total expenses</b>	27,581	28,860	4.6	212,141	227,446	7.2

Note: Totals may not add due to rounding.

<sup>1</sup> Certain comparative figures have been restated to reflect a change in accounting policy. See Note 8 at the end of this document for further details.

<sup>2</sup> Other fiscal arrangements include the Youth Allowances Recovery and Alternative Payments for Standing Programs, which represent a recovery from Quebec of a tax point transfer; statutory subsidies; payments under the 2005 Offshore Accords; payments to provinces in respect of common securities regulation; transfers under the new Hibernia Dividend Backed Annuity Agreement with Newfoundland and Labrador; and, other items.

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

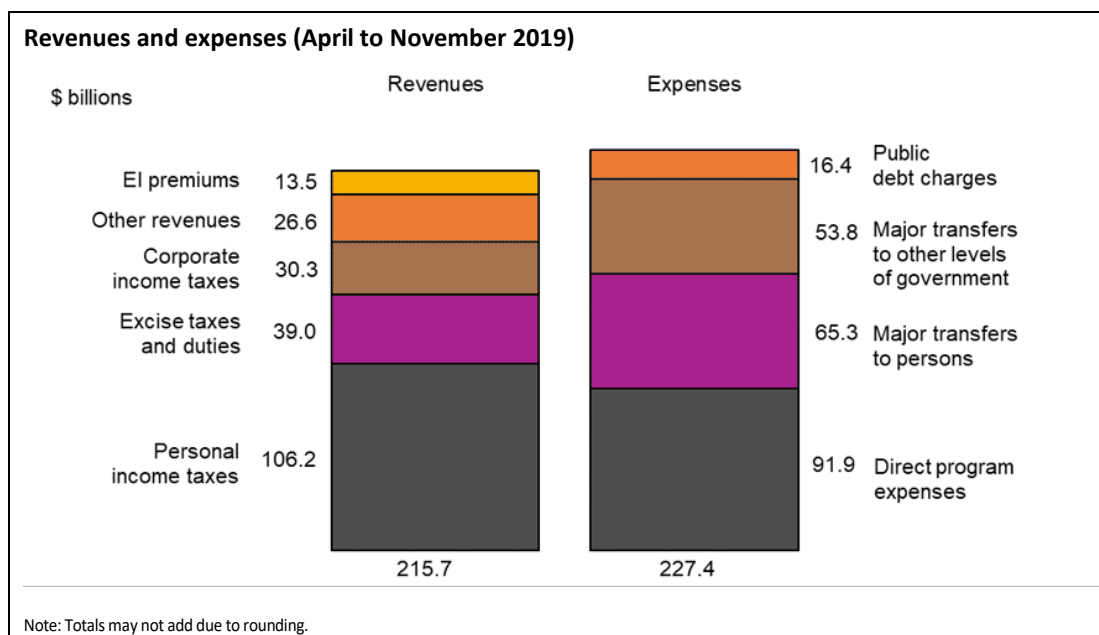


Table 4

**Total expenses by object of expense**

	<b>November</b>			<b>April to November</b>		
	<b>2018</b>		<b>Change</b>	<b>2018–19</b>		<b>Change</b>
	<b>Restated<sup>1</sup></b>	<b>2019</b>		<b>Restated<sup>1</sup></b>	<b>2019–20</b>	
	<b>(\$ millions)</b>		<b>(%)</b>	<b>(\$ millions)</b>		<b>(%)</b>
Transfer payments	18,012	19,278	7.0	137,969	147,356	6.8
Other expenses						
Personnel	4,738	5,112	7.9	36,343	40,264	10.8
Transportation and communications	253	239	-5.5	1,790	1,759	-1.7
Information	23	23	0.0	149	188	26.2
Professional and special services	1,054	1,000	-5.1	6,479	6,779	4.6
Rentals	221	242	9.5	1,995	2,092	4.9
Repair and maintenance	335	285	-14.9	1,915	1,945	1.6
Utilities, materials and supplies	257	254	-1.2	1,587	1,644	3.6
Other subsidies and expenses	540	349	-35.4	4,731	5,502	16.3
Amortization of tangible capital assets	441	427	-3.2	3,252	3,416	5.0
Net loss on disposal of assets	7	9	28.6	86	102	18.6
Total other expenses	7,869	7,940	0.9	58,327	63,691	9.2
<b>Total program expenses</b>	25,881	27,218	5.2	196,296	211,047	7.5
<b>Public debt charges</b>	1,700	1,642	-3.4	15,845	16,399	3.5
<b>Total expenses</b>	27,581	28,860	4.6	212,141	227,446	7.2

Note: Totals may not add due to rounding.

<sup>1</sup> Certain comparative figures have been restated to reflect a change in accounting policy. See Note 8 at the end of this document for further details.

## Financial requirement of \$17.6 billion for April to November 2019

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 \$11.8 billion and a requirement of \$5.8 billion from non-budgetary transactions, there was a financial requirement of \$17.6 billion for the April to November 2019 period, compared to a financial requirement of \$11.9 billion for the same period the previous year.

Table 5

### The budgetary balance and financial source/requirement

\$ millions

	November		April to November	
	2018	2019	2018-19	2019-20
<b>Budgetary balance (deficit/surplus)</b>	-2,219	-2,700	-2,127	-11,754
<b>Non-budgetary transactions</b>				
Accounts payable, accrued liabilities and accounts receivable	2,615	312	-2,443	-2,706
Pensions, other future benefits, and other liabilities	583	945	5,197	7,186
Foreign exchange accounts	-483	-650	-1,976	-345
Loans, investments and advances	337	-60	-9,231	-8,802
Non-financial assets	-223	-695	-1,303	-1,163
Total non-budgetary transactions	2,829	-148	-9,756	-5,830
<b>Financial source/requirement</b>	610	-2,848	-11,883	-17,584

Note: Totals may not add due to rounding.

## Net financing activities up \$17.2 billion

The government financed this financial requirement of \$17.6 billion by decreasing cash balances by \$0.4 billion and increasing unmatured debt by \$17.2 billion. The increase in unmatured 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 2019 stood at \$39.6 billion, down \$0.6 billion from their level at the end of November 2018.

Table 6

**Financial source/requirement and net financing activities**

\$ millions

	<b>November</b>		<b>April to November</b>	
	<b>2018</b>	<b>2019</b>	<b>2018–19</b>	<b>2019–20</b>
<b>Financial source/requirement</b>	610	-2,848	-11,883	-17,584
<b>Net increase (+)/decrease (-) in financing activities</b>				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	-4,192	-586	-3,870	24,629
Treasury bills	-300	-7,100	22,000	-4,400
Retail debt	-1,204	-490	-1,480	-617
Total Canadian currency borrowings	-5,696	-8,176	16,650	19,612
Foreign currency borrowings	-582	93	-29	-689
Total market debt transactions	-6,278	-8,083	16,621	18,923
Cross-currency swap revaluation	566	371	-608	-1,256
Unamortized discounts and premiums on market debt	-307	185	-1,342	342
Obligations related to capital leases and other unmatured debt	-29	-17	-277	-852
<b>Net change in financing activities</b>	-6,048	-7,544	14,394	17,157
<b>Change in cash balance</b>	-5,438	-10,392	2,511	-427
<b>Cash balance at end of period</b>			40,187	39,578

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 other comprehensive income or loss. Other comprehensive income or loss represents certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises.

The accumulated deficit increased by \$12.9 billion over the April to November 2019 period, reflecting the \$11.8-billion budgetary deficit as well as \$1.1 billion in other comprehensive losses.

Table 7

**Condensed statement of assets and liabilities**

\$ millions

	<b>March 31, 2019</b>	<b>November 30, 2019</b>	<b>Change</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	159,707	150,709	-8,998
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	569,526	594,155	24,629
Treasury bills	134,300	129,900	-4,400
Retail debt	1,237	620	-617
Subtotal	705,063	724,675	19,612
Payable in foreign currencies	16,011	15,322	-689
Cross-currency swap revaluation	7,274	6,018	-1,256
Unamortized discounts and premiums on market debt	2,163	2,505	342
Obligations related to capital leases and other unmaturred debt	6,404	5,552	-852
Total unmaturred debt	736,915	754,072	17,157
Pension and other liabilities			
Public sector pensions	168,782	167,569	-1,213
Other employee and veteran future benefits	113,862	122,326	8,464
Other liabilities	5,905	5,840	-65
Total pension and other liabilities	288,549	295,735	7,186
Total interest-bearing debt	1,025,464	1,049,807	24,343
Total liabilities	1,185,171	1,200,516	15,345
<b>Financial assets</b>			
Cash and accounts receivable	177,041	170,322	-6,719
Foreign exchange accounts	99,688	100,033	345
Loans, investments, and advances (net of allowances) <sup>1</sup>	133,912	141,575	7,663
Public sector pension assets	2,406	2,406	0
Total financial assets	413,047	414,336	1,289
<b>Net debt</b>	772,124	786,180	14,056
<b>Non-financial assets</b>	86,674	87,837	1,163
<b>Federal debt (accumulated deficit)</b>	685,450	698,343	12,893

Note: Totals may not add due to rounding.

<sup>1</sup> November 30, 2019 amount includes \$1.1 billion in other comprehensive losses from enterprise Crown corporations and other government business enterprises for the April to November 2019 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 Standard Plus, which is 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. A 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.
8. Accounting Change and Restatement

The monthly financial results for 2018–19 presented for comparative purposes in *The Fiscal Monitor* have been restated to reflect the following change in accounting policy.

## Canadian Commercial Corporation

During 2018–19, the Canadian Commercial Corporation determined that it acts as an agent in its commercial trading transactions. As a result, the revenues and expenses and related asset and liability balances arising from these transactions are no longer consolidated in the government's financial results. This accounting change has no net impact on the budgetary balance, as the decrease in the government's revenues is offset by an equal reduction in expenses. Similarly, this change has no net impact on the federal debt, as the decrease in the government's assets is offset by an equal reduction in its liabilities.

The following table provides an overview of this restatement of the 2018–19 financial results.

Table 8

**Summary of restatement**

\$ millions

	<b>Other direct program expenses</b>	<b>Other revenues</b>
<b>November 2018</b>		
As previously reported	8,041	2,432
Effect of change in accounting policy		
Canadian Commercial Corporation	-172	-172
As restated	7,869	2,260
<b>April to November 2018</b>		
As previously reported	59,961	20,271
Effect of change in accounting policy		
Canadian Commercial Corporation	-1,634	-1,634
As restated	58,327	18,637

Note: Totals may not add due to rounding.

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

For inquiries about this publication, contact Bradley Recker at 613-369-5667.

January 2020