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Ministère des Finances
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Financial Results for December 2021

Canada 

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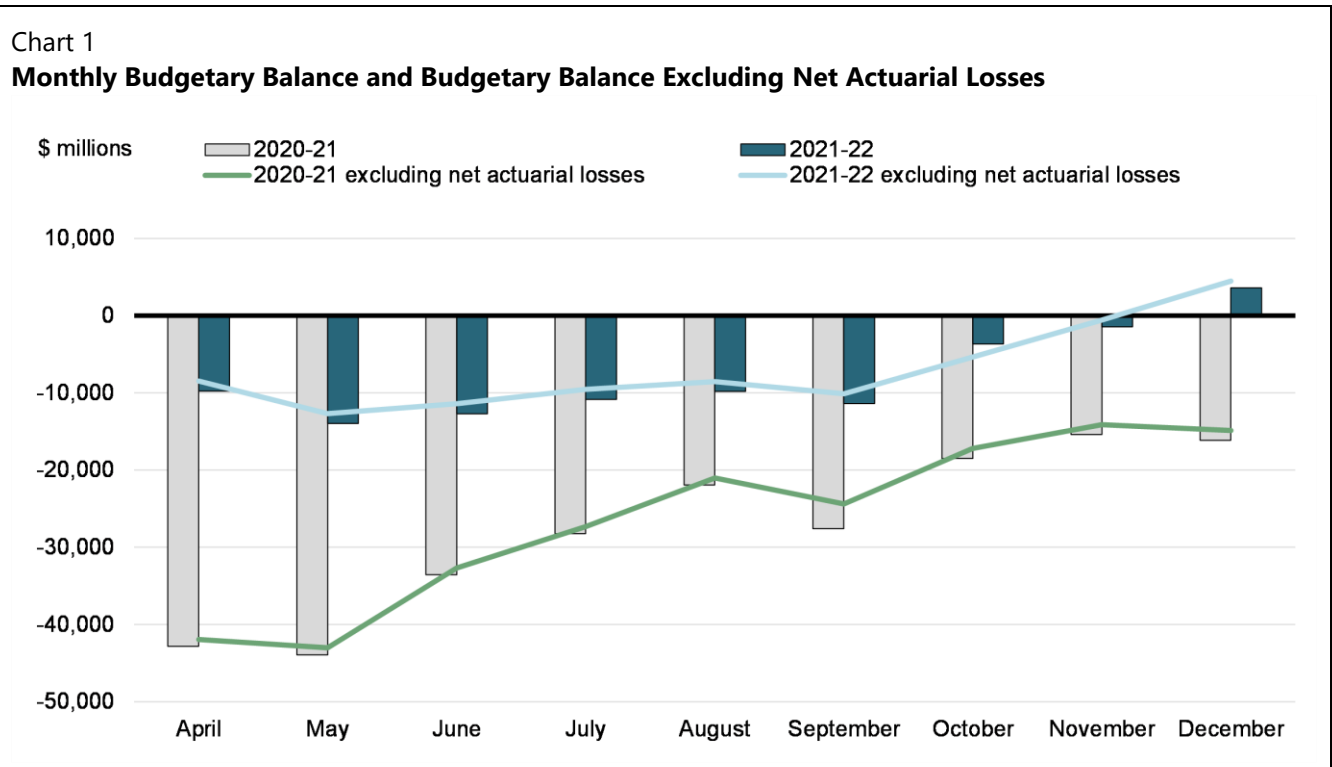
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Highlights

December 2021

There was a budgetary surplus of \$3.6 billion in December 2021, compared to a deficit of \$16.2 billion in December 2020. The budgetary surplus before net actuarial losses was \$4.4 billion, compared to a deficit of \$14.9 billion in the same period of 2020–21. The budgetary balance before net actuarial losses 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 arising from the revaluation of the government’s pension and other employee future benefit plans.

As expected, the government’s 2021–22 financial results show a marked improvement compared to the peak of the COVID-19 crisis reached in early 2020–21, and the unprecedented level of temporary COVID-19 response measures at the time. That said, they continue to reflect challenging economic conditions, including the impact of continuing restrictions, and the remaining temporary COVID-19 Economic Response Plan supports in 2021–22.



Compared to December 2020:

- Revenues increased by \$9.6 billion, or 32.4 per cent, on a year-over-year basis, largely reflecting an increase in tax revenues and other revenues.
- Program expenses excluding net actuarial losses were down \$10.1 billion, or 23.6 per cent, largely reflecting decreased transfers under the COVID-19 Economic Response Plan, including the Canada Emergency Wage Subsidy (CEWS) and Canada Recovery Benefits.
- Public debt charges increased \$0.3 billion, or 17.4 per cent, reflecting higher Consumer Price Index adjustments on Real Return Bonds and higher interest on the government's pension and other employee future benefit obligations.
- Net actuarial losses were down \$0.4 billion, or 33.0 per cent, reflecting the amortization of a decrease in the government's obligations for pensions and other employee future benefits based on actuarial valuations prepared for the *Public Accounts of Canada 2021*. This decrease is due to a year-over-year increase in year-end interest rates used in valuing these obligations.

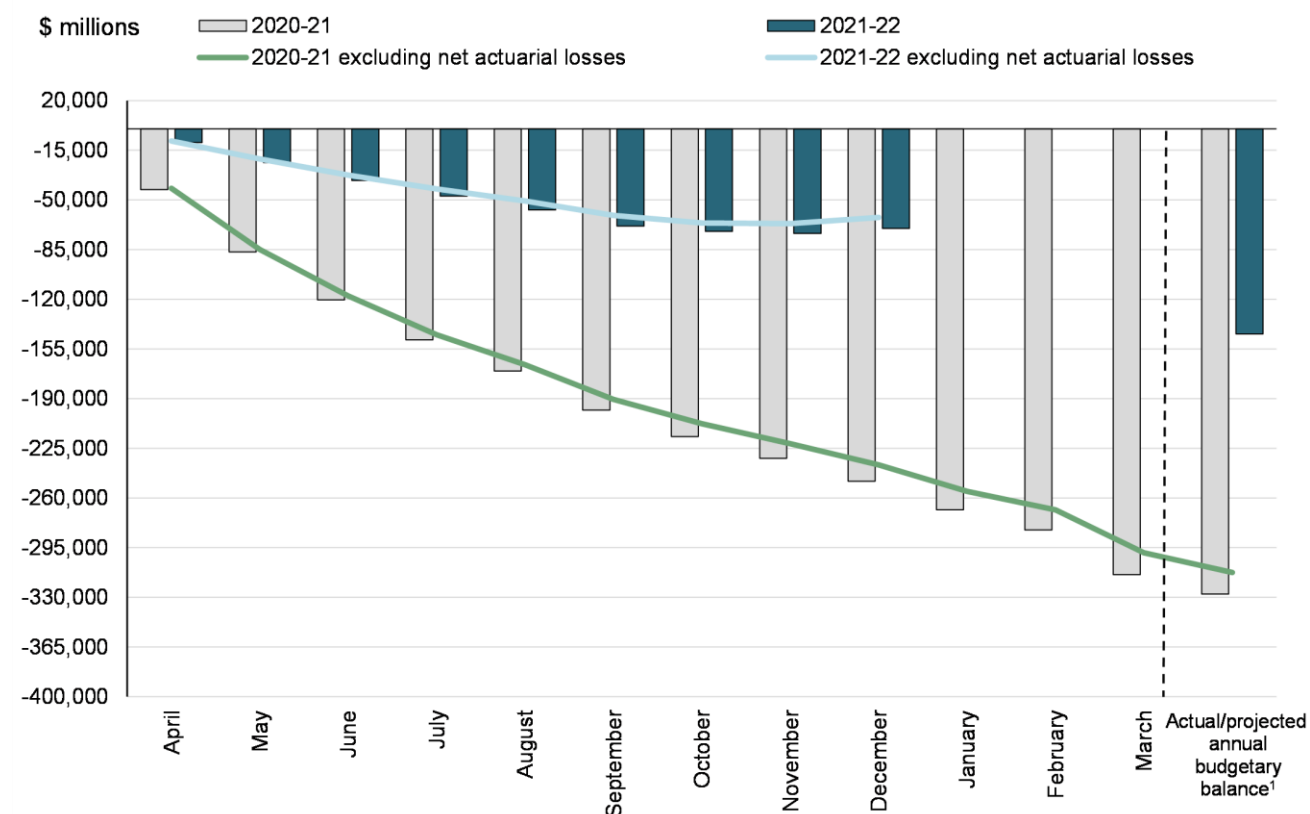
April to December 2021

The government posted a budgetary deficit of \$70.1 billion for the April to December period of the 2021–22 fiscal year, compared to a deficit of \$248.2 billion reported for the same period of 2020–21. The budgetary deficit before net actuarial losses was \$62.4 billion, compared to a deficit of \$236.6 billion in the April to December period of 2020–21.

Compared to 2020–21:

- Revenues were up \$70.7 billion, or 34.0 per cent, primarily reflecting higher tax revenues and other revenues.
- Program expenses excluding net actuarial losses were down \$106.9 billion, or 24.9 per cent, largely reflecting lower transfers to individuals, businesses, and other levels of government under the Economic Response Plan.
- Public debt charges increased by \$3.3 billion, or 21.2 per cent, primarily driven by higher Consumer Price Index adjustments on Real Return Bonds and higher interest on the government's pension and other employee future benefit obligations. Interest on marketable bonds also increased compared to the prior year, but was more than offset by a decrease in interest on treasury bills.
- Net actuarial losses decreased by \$3.8 billion, or 33.0 per cent, reflecting a decrease in the measurement of the government's obligations for pensions and other employee future benefits based on the government's latest actuarial valuations. This decrease reflects higher prevailing interest rates at the end of 2020–21 used in valuing these obligations.

Chart 2

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

¹ Sources: Annual Financial Report of the Government of Canada 2020-2021; Economic and Fiscal Update 2021.

Table 1

Summary statement of transactions

\$ millions

	December		April to December	
	2020	2021	2020-21	2021-22
Budgetary transactions				
Revenues	29,560	39,152	207,689	278,348
Expenses				
Program expenses, excluding net actuarial losses	-42,544	-32,494	-428,898	-322,042
Public debt charges	-1,886	-2,215	-15,414	-18,679
Budgetary balance, excluding net actuarial losses	-14,870	4,443	-236,623	-62,373
Net actuarial losses	-1,283	-860	-11,549	-7,740
Budgetary balance (deficit/surplus)	-16,153	3,583	-248,172	-70,113
Non-budgetary transactions	-1,211	3,133	-43,481	-20,399
Financial source/requirement	-17,364	6,716	-291,653	-90,512
Net change in financing activities	6,719	7,416	331,192	103,180
Net change in cash balances	-10,645	14,132	39,539	12,668
Cash balance at end of period			84,218	72,058

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

Revenues

Revenues have been affected by the economic impacts of the COVID-19 crisis and by measures introduced under the government's Economic Response Plan, including tax deferrals and the one-time Goods and Services Tax (GST) credit payment offered in 2020–21. However, due to challenges in isolating these impacts from underlying economic activity, it is not possible to provide an accurate measure of the impact of COVID-19 on federal revenues.

Revenues in December 2021 totalled \$39.2 billion, up \$9.6 billion, or 32.4 per cent, from December 2020.

- Tax revenues increased by \$7.4 billion, or 27.1 per cent, reflecting broad-based improvement compared to the same period in 2020–21, when COVID-19 restrictions and lockdowns continued to weigh on revenues. Notably, the increase has been driven by large installment payments, particularly by the financial sector.
- Employment Insurance (EI) premium revenues were up \$25 million, or 2.5 per cent.
- Proceeds from the pollution pricing framework were up \$0.2 billion, or 50.6 per cent.
- Other revenues, consisting of enterprise Crown corporations' net profits, sales of goods and services, returns on investments and net foreign exchange revenues, were up \$2.0 billion, or 221.7 per cent, from December 2020. This increase largely reflects higher profits from enterprise Crown corporations, including Bank of Canada profits related to its secondary market purchases of Government of Canada securities to support liquidity in financial markets. Under public sector accounting standards, premiums paid on bond purchases by the Bank of Canada are expensed immediately. Whereas premiums more than offset interest earnings on the securities in 2020–21, premiums paid have since decreased and interest earnings have increased.

Revenues for the April to December period of 2021–22 totalled \$278.3 billion, up \$70.7 billion, or 34.0 per cent, from the same period in 2020–21.

- Tax revenues increased by \$46.9 billion, or 24.4 per cent, compared to the same period in 2020–21, when COVID-19 resulted in the shutdown of large portions of the economy and government support measures such as the one-time enhanced GST credit payment. For its part, the federal portion of assessed cannabis excise duties increased by \$47 million to \$114 million over the April to December period.
- EI premium revenues were up \$0.9 billion, or 6.1 per cent, reflecting better labour market conditions.
- Proceeds from the pollution pricing framework were up \$1.3 billion, or 47.0 per cent, reflecting higher carbon pollution pricing and consumption in 2021.
- Other revenues were up \$21.6 billion, from -\$1.6 billion in 2020–21 to \$20.0 billion in 2021–22, largely reflecting higher Bank of Canada profits.

Table 2

Revenues

	December		Change	April to December		
	2020	2021		2020-21	2021-22	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Tax revenues						
Income taxes						
Personal	16,245	17,967	10.6	121,888	133,418	9.5
Corporate	5,908	10,440	76.7	31,960	51,255	60.4
Non-resident	804	1,294	60.9	5,692	7,005	23.1
Total income tax revenues	22,957	29,701	29.4	159,540	191,678	20.1
Other taxes and duties						
Goods and Services Tax	2,986	3,666	22.8	21,771	35,138	61.4
Energy taxes	451	471	4.4	3,737	3,997	7.0
Customs import duties	363	439	20.9	3,045	4,067	33.6
Other excise taxes and duties	554	436	-21.3	4,242	4,378	3.2
Total excise taxes and duties	4,354	5,012	15.1	32,795	47,580	45.1
Total tax revenues	27,311	34,713	27.1	192,335	239,258	24.4
Proceeds from the pollution pricing framework	348	524	50.6	2,743	4,032	47.0
Employment Insurance premiums	1,004	1,029	2.5	14,222	15,084	6.1
Other revenues	897	2,886	221.7	-1,611	19,974	1,339.9
Total revenues	29,560	39,152	32.4	207,689	278,348	34.0

Note: Totals may not add due to rounding.

Expenses

Program expenses have been significantly affected by spending measures under the Economic Response Plan, including the Canada Emergency Response Benefit (CERB), CEWS, Canada Recovery Benefits, and the Canada Emergency Business Account (CEBA) repayment incentive. Further information regarding these measures is provided below.

Program expenses excluding net actuarial losses in December 2021 were \$32.5 billion, down \$10.1 billion, or 23.6 per cent, from December 2020.

- Major transfers to persons, consisting of elderly benefits, EI benefits, the CERB and Canada Recovery Benefits, and children's benefits, were down \$4.2 billion or 30.9 per cent.
 - Elderly benefits increased by \$0.3 billion, or 5.3 per cent, reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed.
 - EI benefits decreased by \$1.5 billion, or 43.1 per cent, reflecting improved labour market conditions.
 - Canada Recovery Benefits and CERB payments to individuals processed outside of the EI Operating Account decreased \$2.8 billion, or 94.6 per cent, largely reflecting the wind-down of the Canada Recovery Benefit.
 - Children's benefits were down \$0.1 billion, or 5.3 per cent.

- Major transfers to other levels of government were down \$0.2 billion, or 2.9 per cent, largely reflecting one-time transfers in the previous year to clean up orphan and inactive oil and gas wells. This decrease was partly offset by transfers to provinces and territories in the current year as part of the Canada-wide early learning and child care plan.
- Direct program expenses were down \$5.7 billion, or 26.1 per cent. Within direct program expenses:
 - Proceeds from the pollution pricing framework returned increased by \$17 million, or 56.7 per cent.
 - CEWS payments decreased by \$3.2 billion, or 70.3 per cent, reflecting declines in the number of eligible employees and the average subsidy per employee.
 - Other transfer payments decreased by \$3.2 billion, or 36.9 per cent, largely reflecting increased costs recorded in December 2020 for the repayment incentive under CEBA loans following expansion of the program.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$0.8 billion, or 9.6 per cent, reflecting a number of factors, including increases in public health expenses and personnel costs.

Public debt charges increased \$0.3 billion, or 17.4 per cent, reflecting higher Consumer Price Index adjustments on Real Return Bonds and higher interest on the government's pension and other employee future benefit obligations.

Net actuarial losses, 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, decreased \$0.4 billion, or 33.0 per cent, in large part due to higher prevailing interest rates at the end of 2020–21 as compared to the end of 2019–20, which were used in valuing these obligations.

For the April to December period of 2021–22, program expenses excluding net actuarial losses were \$322.0 billion, down \$106.9 billion, or 24.9 per cent, from the same period the previous year.

- Major transfers to persons were down \$46.2 billion or 29.0 per cent.
 - Elderly benefits increased by \$1.6 billion, or 3.6 per cent, reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed.
 - EI benefits decreased by \$15.5 billion, or 33.0 per cent, reflecting improved labour market conditions. In addition, EI benefits for the same period of the previous year included \$27.5 billion in CERB benefits processed through the EI Operating Account. However, there is no impact on premiums to be collected as the EI Operating Account has since been credited for CERB benefits in the *Public Accounts of Canada 2021*.
 - Canada Recovery Benefits and CERB payments to individuals processed outside of the EI Operating Account decreased \$31.7 billion, or 66.4 per cent, reflecting the wind-down of the CERB in 2020–21 and the transition to the suite of Canada Recovery Benefits.
 - Children's benefits were down \$0.5 billion, or 2.5 per cent, largely reflecting the one-time enhanced Canada Child Benefit (CCB) payment in May 2020. This decrease was offset in part by the introduction of the CCB young child supplement for 2021.
- Major transfers to other levels of government were down \$14.8 billion, or 18.8 per cent, primarily reflecting transfers made to provinces and territories in the prior year under the Safe Restart Agreement, the Essential Workers Wage Top-Up, and the Safe Return to Class Fund, as well as transfers to clean up orphan and inactive oil and gas wells. These decreases were offset in part by legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as new funding under the Canada-wide early learning and child care plan in the current year.

- Direct program expenses were down \$45.9 billion, or 24.0 per cent. Within direct program expenses:
 - Proceeds from the pollution pricing framework returned increased by \$0.9 billion, or 32.7 per cent, largely reflecting an increase in the rate of the Climate Action Incentive for tax year 2020.
 - CEWS payments decreased by \$38.3 billion, or 64.6 per cent, reflecting declines in the number of eligible employees and the average subsidy per employee.
 - Other transfer payments decreased by \$14.5 billion, or 23.9 per cent, largely reflecting a decrease in repayment incentive costs under the CEBA program owing to lower take-up compared to the same period in 2020 and the end of temporary COVID-19 response measures introduced in the previous year.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$6.0 billion, or 8.8 per cent, largely reflecting increases in personnel costs and expenses associated with purchases of vaccines.

Public debt charges increased by \$3.3 billion, or 21.2 per cent, primarily driven by higher Consumer Price Index adjustments on Real Return Bonds and higher interest on the government's pension and other employee future benefit obligations. Interest on marketable bonds also increased compared to the prior year, but was more than offset by a decrease in interest on treasury bills.

Net actuarial losses decreased by \$3.8 billion, or 33.0 per cent, reflecting the amortization of a decrease in the government's obligations for pensions and other employee future benefits based on actuarial valuations prepared for the *Public Accounts of Canada 2021*. This decrease reflects higher prevailing interest rates at the end of 2020–21 used in valuing these obligations.

Table 3

Expenses

	December			April to December		
	2020	2021	Change	2020-21	2021-22	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	4,863	5,122	5.3	43,898	45,485	3.6
Employment Insurance benefits	3,540	2,015	-43.1	46,975	31,461	-33.0
Canada Emergency Response Benefit and Canada Recovery Benefits	2,950	160	-94.6	47,783	16,067	-66.4
Children's benefits	2,154	2,039	-5.3	20,594	20,078	-2.5
Total major transfers to persons	13,507	9,336	-30.9	159,250	113,091	-29.0
Major transfers to other levels of government						
Canada Health Transfer	3,489	3,594	3.0	31,402	32,344	3.0
Canada Social Transfer	1,252	1,289	3.0	11,267	11,605	3.0
Equalization	1,714	1,743	1.7	15,430	15,683	1.6
Territorial Formula Financing	284	298	4.9	3,327	3,486	4.8
Canada-wide early learning and child care	-	672	n/a	-	1,360	n/a
Canada Community-Building Fund	-	-	n/a	2,170	2,320	6.9
Home care and mental health	-	2	n/a	1,249	1,577	26.3
Other fiscal arrangements ¹	557	-517	-192.8	13,626	-4,694	-134.4
Total major transfers to other levels of government	7,296	7,081	-2.9	78,471	63,681	-18.8
Direct program expenses						
Proceeds from the pollution pricing framework returned	30	47	56.7	2,791	3,704	32.7
Canada Emergency Wage Subsidy	4,613	1,368	-70.3	59,315	20,985	-64.6
Other transfer payments	8,765	5,533	-36.9	60,593	46,092	-23.9
Operating expenses	8,333	9,129	9.6	68,478	74,489	8.8
Total direct program expenses	21,741	16,077	-26.1	191,177	145,270	-24.0
Total program expenses, excluding net actuarial losses	42,544	32,494	-23.6	428,898	322,042	-24.9
Public debt charges	1,886	2,215	17.4	15,414	18,679	21.2
Total expenses, excluding net actuarial losses	44,430	34,709	-21.9	444,312	340,721	-23.3
Net actuarial losses	1,283	860	-33.0	11,549	7,740	-33.0
Total expenses	45,713	35,569	-22.2	455,861	348,461	-23.6

Note: Totals may not add due to rounding.

¹ Other fiscal arrangements include the Youth Allowance Recovery and Alternative Payments for Standing Programs, which represent a recovery from Quebec of a tax point transfer; statutory subsidies; transfers under the COVID-19 Essential Workers Support Fund and the Safe Restart Agreement; and, other items.

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

Table 4

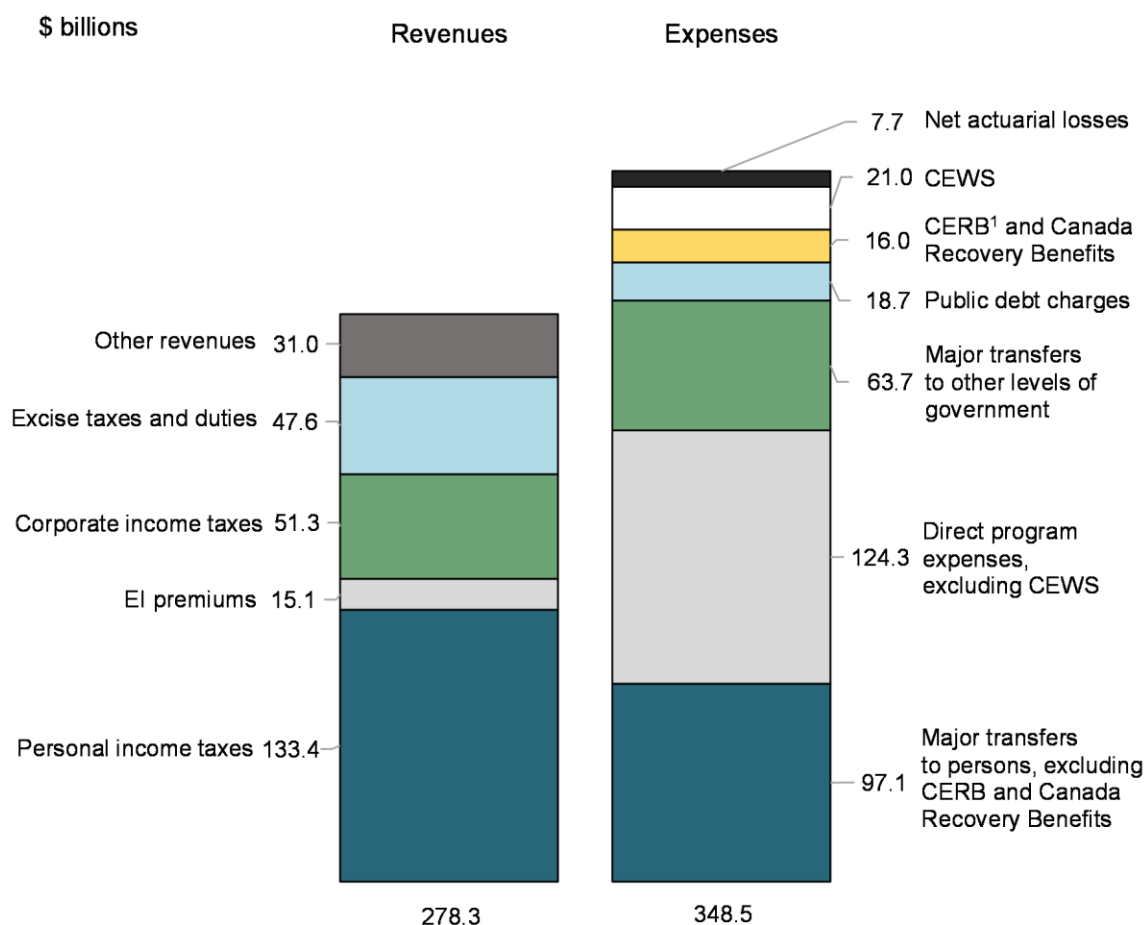
Total expenses by object of expense

	December			April to December		
	2020	2021	Change	2020-21	2021-22	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	34,211	23,365	-31.7	360,420	247,553	-31.3
Other expenses						
Personnel, excluding net actuarial losses	4,840	5,011	3.5	40,584	43,592	7.4
Transportation and communications	134	193	44.0	1,281	1,602	25.1
Information	35	50	42.9	256	351	37.1
Professional and special services	1,195	1,573	31.6	8,002	10,256	28.2
Rentals	251	320	27.5	2,441	2,822	15.6
Repair and maintenance	306	342	11.8	2,069	2,283	10.3
Utilities, materials and supplies	751	989	31.7	4,308	5,678	31.8
Other subsidies and expenses	356	230	-35.4	5,418	4,156	-23.3
Amortization of tangible capital assets	447	410	-8.3	4,037	3,671	-9.1
Net loss on disposal of assets	18	11	-38.9	82	78	-4.9
Total other expenses	8,333	9,129	9.6	68,478	74,489	8.8
Total program expenses, excluding net actuarial losses	42,544	32,494	-23.6	428,898	322,042	-24.9
Public debt charges	1,886	2,215	17.4	15,414	18,679	21.2
Total expenses, excluding net actuarial losses	44,430	34,709	-21.9	444,312	340,721	-23.3
Net actuarial losses	1,283	860	-33.0	11,549	7,740	-33.0
Total expenses	45,713	35,569	-22.2	455,861	348,461	-23.6

Note: Totals may not add due to rounding.

Chart 3

Revenues and expenses (April to December 2021)



Note: Totals may not add due to rounding.

¹ Includes CERB benefits processed through the Employment Insurance Operating Account.

Financial requirement of \$90.5 billion for April to December 2021

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 \$70.1 billion and a requirement of \$20.4 billion from non-budgetary transactions, there was a financial requirement of \$90.5 billion for the April to December 2021 period, compared to a financial requirement of \$291.7 billion for the same period of the previous year.

The decrease in the financial requirement for non-budgetary transactions is due to a number of factors, including year-over-year changes in the balances of taxes receivable and amounts payable related to tax, which affected accounts payable, accrued liabilities and accounts receivable; and, a decrease in loans advanced under the CEBA program in 2021–22, reflected in the financial requirement associated with loans, investments and advances. These decreases were partly offset by a year-over-year increase in the balance of foreign exchange accounts, resulting in a financial requirement for these items.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	December		April to December	
	2020	2021	2020–21	2021–22
Budgetary balance (deficit/surplus)	-16,153	3,583	-248,172	-70,113
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	-2,368	8,122	-20,735	3,761
Pensions, other future benefits, and other liabilities	1,666	1,032	12,249	8,151
Foreign exchange accounts	3,794	-3,203	4,389	-12,175
Loans, investments and advances	-2,999	-2,325	-35,603	-19,017
Non-financial assets	-1,304	-493	-3,781	-1,119
Total non-budgetary transactions	-1,211	3,133	-43,481	-20,399
Financial source/requirement	-17,364	6,716	-291,653	-90,512

Note: Totals may not add due to rounding.

Net financing activities up \$103.2 billion

The government financed this financial requirement of \$90.5 billion and increased cash balances by \$12.7 billion by increasing unmatured debt by \$103.2 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

Cash balances at the end of December 2021 stood at \$72.1 billion, down \$12.2 billion from their level at the end of December 2020. The decrease in cash largely reflects elevated balances held in the previous year to meet the government's projected financial requirements under the COVID-19 Economic Response Plan.

Table 6

Financial source/requirement and net financing activities

\$ millions

	December		April to December	
	2020	2021	2020–21	2021–22
Financial source/requirement	-17,364	6,716	-291,653	-90,512
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	26,702	5,434	232,237	127,694
Treasury bills	-17,000	2,400	97,033	-28,200
Retail debt	-35	-141	-189	-299
Total Canadian currency borrowings	9,667	7,693	329,081	99,195
Foreign currency borrowings	-2,334	630	1,171	5,379
Total market debt transactions	7,333	8,323	330,252	104,574
Cross-currency swap revaluation	-980	-821	-7,303	-678
Unamortized discounts and premiums on market debt	393	-76	8,438	-702
Obligations related to capital leases and other unmatured debt	-27	-10	-195	-14
Net change in financing activities	6,719	7,416	331,192	103,180
Change in cash balance	-10,645	14,132	39,539	12,668
Cash balance at end of period			84,218	72,058

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 \$68.4 billion over the April to December 2021 period, reflecting the \$70.1-billion budgetary deficit, offset in part by \$1.7 billion in other comprehensive income.

Table 7

Condensed statement of assets and liabilities

\$ millions

	March 31, 2021	December 31, 2021	Change
Liabilities			
Accounts payable and accrued liabilities	207,397	203,186	-4,211
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	875,306	1,003,000	127,694
Treasury bills	218,775	190,575	-28,200
Retail debt	299	-	-299
Subtotal	1,094,380	1,193,575	99,195
Payable in foreign currencies	15,427	20,806	5,379
Cross-currency swap revaluation	450	-228	-678
Unamortized discounts and premiums on market debt	9,690	8,988	-702
Obligations related to capital leases and other unmaturing debt	5,239	5,225	-14
Total unmaturing debt	1,125,186	1,228,366	103,180
Pension and other liabilities			
Public sector pensions	168,761	165,972	-2,789
Other employee and veteran future benefits	144,186	155,342	11,156
Other liabilities	6,711	6,495	-216
Total pension and other liabilities	319,658	327,809	8,151
Total interest-bearing debt	1,444,844	1,556,175	111,331
Total liabilities	1,652,241	1,759,361	107,120
Financial assets			
Cash and accounts receivable	224,196	228,892	4,696
Foreign exchange accounts	92,622	104,797	12,175
Loans, investments, and advances (net of allowances) ¹	179,278	200,026	20,748
Public sector pension assets	6,320	6,320	-
Total financial assets	502,416	540,035	37,619
Net debt	1,149,825	1,219,326	69,501
Non-financial assets	101,079	102,198	1,119
Federal debt (accumulated deficit)	1,048,746	1,117,128	68,382

Note: Totals may not add due to rounding.

¹ December 31, 2021 amount includes \$1.7 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April to December 2021 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 otherwise noted, changes in financial results are presented on a year-over-year basis.

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February 2022