



THE FISCAL MONITOR

A publication of the Department of Finance

Financial Results for December 2022



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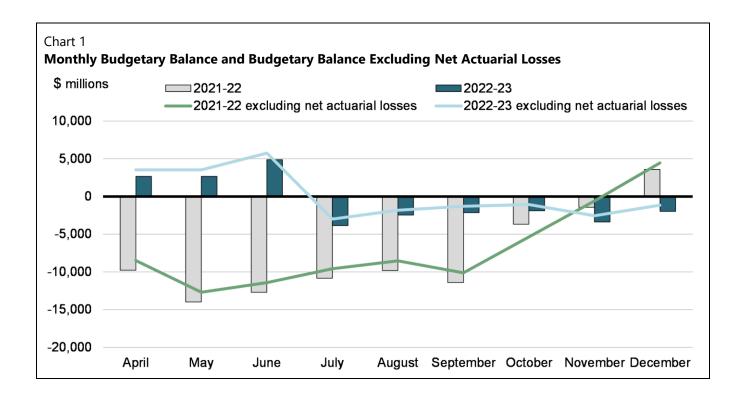
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Highlights

December 2022

There was a budgetary deficit of \$2.0 billion in December 2022, compared to a surplus of \$3.6 billion in December 2021. The budgetary deficit before net actuarial losses was \$1.2 billion, compared to a surplus of \$4.4 billion in the same period of 2021-22. 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.



Compared to December 2021:

- Revenues decreased by \$3.8 billion, or 9.8 per cent, due largely to a decrease in tax revenues.
- Program expenses excluding net actuarial losses were up \$0.7 billion, or 2.1 per cent, driven by higher elderly benefits.
- Public debt charges were up \$1.1 billion, or 49.8 per cent, reflecting higher interest rates.
- Net actuarial losses were down \$40 million, or 4.7 per cent.

April to December 2022

The government posted a budgetary deficit of \$5.5 billion for the April to December period of the 2022-23 fiscal year, compared to a deficit of \$70.1 billion reported for the same period of 2021-22. The budgetary surplus before net actuarial losses was \$1.8 billion, compared to a deficit of \$62.4 billion in the April to December period of 2021-22.

Compared to 2021-22:

- Revenues were up \$31.7 billion, or 11.4 per cent, reflecting broad-based improvement across revenue streams due to economic growth and the waning fiscal and economic impact of COVID-19.
- Program expenses excluding net actuarial losses were down \$39.7 billion, or 12.3 per cent, largely reflecting lower transfers to individuals and businesses due to expiring temporary COVID-19 measures.
- Public debt charges increased by \$7.2 billion, or 38.4 per cent, reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by \$0.4 billion, or 4.7 per cent.

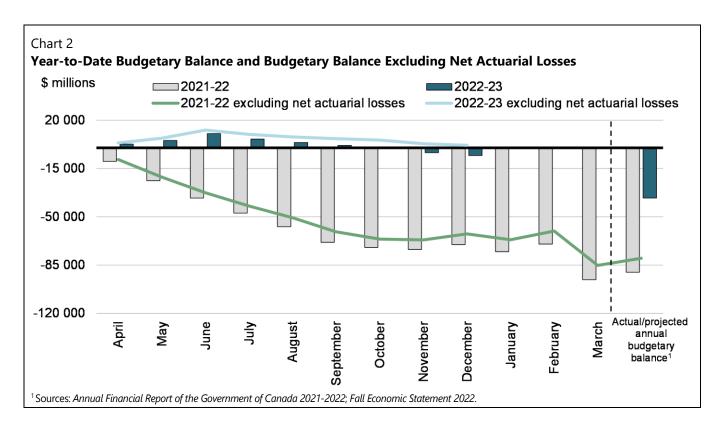


Table 1 **Summary statement of transactions**\$ millions

	Decer	December		cember
	2021	2022	2021-22	2022-23
Budgetary transactions				
Revenues	39,152	35,326	278,348	310,038
Expenses				
Program expenses, excluding net actuarial losses	-32,494	-33,170	-322,042	-282,350
Public debt charges	-2,215	-3,319	-18,679	-25,844
Budgetary balance, excluding net actuarial losses	4,443	-1,163	-62,373	1,844
Net actuarial losses	-860	-820	-7,740	-7,380
Budgetary balance (deficit/surplus)	3,583	-1,983	-70,113	-5,536
Non-budgetary transactions	6,426	724	-19,315	-33,031
Financial source/requirement	10,009	-1,259	-89,428	-38,567
Net change in financing activities	4,123	7,700	102,096	16,826
Net change in cash balances	14,132	6,441	12,668	-21,741
Cash balance at end of period			72,058	70,520

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

Revenues

Revenues in December 2022 totalled \$35.3 billion, down \$3.8 billion, or 9.8 per cent, from December 2021.

- Tax revenues decreased by \$3.6 billion, or 10.3 per cent, compared to the same period in 2021-22.
- Proceeds from the pollution pricing framework were up \$0.1 billion, or 26.1 per cent, reflecting higher carbon pollution pricing in 2022.
- Employment Insurance (EI) premium revenues were up \$0.1 billion, or 13.8 per cent, reflecting better labour market conditions.
- Other revenues, consisting of enterprise Crown corporations' net profits, sales of goods and services, returns on investments and net foreign exchange revenues, were down \$0.5 billion, or 18.3 per cent.

Revenues for the April to December period of 2022-23 totalled \$310.0 billion, up \$31.7 billion, or 11.4 per cent, from the same period in 2021-22.

- Tax revenues increased by \$24.6 billion, or 10.3 per cent, compared to the same period in 2021-22, when COVID-19 restrictions weighed on revenue (particularly earlier in the year) as well as due to strong economic growth. For its part, the federal portion of assessed cannabis excise duties increased by \$39 million to \$152 million over the April to December period.
- Proceeds from the pollution pricing framework were up \$1.5 billion, or 36.0 per cent, reflecting higher carbon pollution pricing in 2022.
- El premium revenues were up \$1.8 billion, or 12.2 per cent, reflecting better labour market conditions.
- Other revenues were up \$3.8 billion, or 19.1 per cent, due to economic improvement and normalization following COVID-19 and higher interest rates.

Table 2
Revenues

	Decer	ecember		April to December		
	2021	2022	Change	2021-22	2022-23	Change
	(\$ millions)		(%)	(\$ mill	ions)	(%)
Tax revenues						
Income taxes						
Personal	17,967	18,601	3.5	133,418	142,318	6.7
Corporate	10,440	7,005	-32.9	51,255	61,512	20.0
Non-resident	1,294	892	-31.1	7,005	9,524	36.0
Total income tax revenues	29,701	26,498	-10.8	191,678	213,354	11.3
Other taxes and duties						
Goods and Services Tax	3,666	3,396	-7.4	35,138	36,845	4.9
Energy taxes	471	320	-32.1	3,997	4,097	2.5
Customs import duties	439	418	-4.8	4,067	4,805	18.1
Other excise taxes and duties	436	504	15.6	4,378	4,724	7.9
Total excise taxes and duties	5,012	4,638	-7.5	47,580	50,471	6.1
Total tax revenues	34,713	31,136	-10.3	239,258	263,825	10.3
Proceeds from the pollution pricing framework	524	661	26.1	4,032	5,485	36.0
Employment Insurance premiums	1,029	1,171	13.8	15,084	16,930	12.2
Other revenues	2,886	2,358	-18.3	19,974	23,798	19.1
Total revenues	39,152	35,326	-9.8	278,348	310,038	11.4

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in December 2022 were \$33.2 billion, up \$0.7 billion, or 2.1 per cent, from December 2021.

- Major transfers to persons, consisting of elderly benefits, El benefits, COVID-19 income support for workers, and children's benefits, were up \$0.7 billion or 7.6 per cent.
 - Elderly benefits increased by \$0.9 billion, or 17.0 per cent, reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients. In addition, as announced in Budget 2021 and implemented in July 2022, the Old Age Security pension has permanently increased by 10 per cent for seniors aged 75 and over.
 - El benefits decreased by \$19 million, or 0.9 per cent.
 - COVID-19 income support for workers decreased \$0.2 billion, or 100.0 per cent, reflecting the wind-down of the Canada Recovery Benefit, Canada Recovery Caregiving Benefit, and Canada Recovery Sickness Benefit.
 - Children's benefits were up \$11 million, or 0.5 per cent.
- Major transfers to other levels of government were up \$0.1 billion, or 1.3 per cent.
- Proceeds from the pollution pricing framework returned decreased by \$18 million, or 38.3 per cent. Direct proceeds will continue to be fully returned in the provinces or territories where they are generated.

- Direct program expenses were down \$0.1 billion, or 0.7 per cent. Within direct program expenses:
 - Canada Emergency Wage Subsidy (CEWS) payments decreased by \$1.3 billion, or 100.7 per cent, reflecting the end of the program and reassessments of previous returns.
 - Other transfer payments increased by \$0.7 billion, or 12.9 per cent, reflecting a number of factors, including year-over-year timing differences.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$0.5 billion, or 5.7 per cent, largely reflecting an increase in personnel expenses.

Public debt charges increased \$1.1 billion, or 49.8 per cent, reflecting higher interest rates.

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 and related assets, were down \$40 million, or 4.7 per cent.

For the April to December period of 2022-23, program expenses excluding net actuarial losses were \$282.4 billion, down \$39.7 billion, or 12.3 per cent, from the same period the previous year.

- Major transfers to persons were down \$27.6 billion or 24.4 per cent.
 - Elderly benefits increased by \$5.7 billion, or 12.5 per cent, largely reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients. In addition, as of July 2022, the Old Age Security pension has permanently increased by 10 per cent for seniors aged 75 and over.
 - El benefits decreased by \$15.7 billion, or 50.0 per cent, largely reflecting the expiry of temporary measures to facilitate access to El, and a lower unemployment rate.
 - COVID-19 income support for workers decreased \$15.8 billion, or 98.5 per cent, reflecting the wind-down
 of the Canada Recovery Benefit, Canada Recovery Caregiving Benefit, and Canada Recovery Sickness
 Benefit.
 - Children's benefits were down \$1.7 billion, or 8.6 per cent, largely reflecting the temporary Canada Child Benefit young child supplement in 2021-22.
- Major transfers to other levels of government were up \$1.6 billion, or 2.5 per cent, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, and the timing of and increased funding for Canada-wide early learning and child care transfers. These increases were offset in part by year-over-year differences in the timing and funding level of home care and mental health transfers and an increase in recoveries under the Quebec Abatement.
- Proceeds from the pollution pricing framework returned increased by \$1.2 billion, or 33.1 per cent, reflecting
 an increase in the rate of the Climate Action Incentive as well as the change in the delivery of the Climate
 Action Incentive, from annually on personal income tax returns to a quarterly benefit.
- Direct program expenses were down \$14.9 billion, or 10.6 per cent. Within direct program expenses:
 - CEWS payments decreased by \$21.1 billion, or 100.7 per cent, reflecting the end of the program and reassessments of previous returns.
 - Other transfer payments decreased by \$0.4 billion, or 0.8 per cent, in large part reflecting the wind-down of temporary COVID-19 response measures, a one-time payment to seniors aged 75 and older in August 2021, and lower provisions for disaster assistance in the current year. These decreases were offset in part by an increase in transfers in respect of Indigenous Peoples and international assistance in 2022-23.

 Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$6.5 billion, or 8.7 per cent, reflecting in large part increased personnel expenses.

Public debt charges increased by \$7.2 billion, or 38.4 per cent, reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$0.4 billion, or 4.7 per cent.

Table 3 **Expenses**

	December Apr		April to D	pril to December		
	2021	2022	Change	2021-22	2022-23	Change
	(\$ millions) (%) (\$ milli		lions)	(%)		
Major transfers to persons						
Elderly benefits	5,122	5,995	17.0	45,485	51,153	12.5
Employment Insurance benefits	2,015	1,996	-0.9	31,461	15,746	-50.0
COVID-19 income support for workers ¹	160	0	-100.0	16,067	246	-98.5
Children's benefits	2,039	2,050	0.5	20,078	18,350	-8.6
Total major transfers to persons	9,336	10,041	7.6	113,091	85,495	-24.4
Major transfers to other levels of government						
Canada Health Transfer	3,594	3,767	4.8	32,344	33,906	4.8
Canada Social Transfer	1,289	1,328	3.0	11,605	11,954	3.0
Equalization	1,743	1,827	4.8	15,683	16,440	4.8
Territorial Formula Financing	298	310	4.0	3,486	3,624	4.0
Canada-wide early learning and child care	672	497	-26.0	1,360	2,716	99.7
Canada Community-Building Fund	-	25	n/a	2,320	1,843	-20.6
Home care and mental health	2	26	1,200.0	1,577	295	-81.3
Other fiscal arrangements ²	-517	-605	-17.0	-4,694	-5,479	-16.7
Total major transfers to other levels of government	7,081	7,175	1.3	63,681	65,299	2.5
Proceeds from the pollution pricing framework returned	47	29	-38.3	3,704	4,931	33.1
Direct program expenses						
Canada Emergency Wage Subsidy ³	1,334	-10	-100.7	20,951	-153	-100.7
Other transfer payments ³	5,567	6,287	12.9	46,126	45,772	-0.8
Operating expenses	9,129	9,648	5.7	74,489	81,006	8.7
Total direct program expenses	16,030	15,925	-0.7	141,566	126,625	-10.6
Total program expenses, excluding net actuarial losses	32,494	33,170	2.1	322,042	282,350	-12.3
Public debt charges	2,215	3,319	49.8	18,679	25,844	38.4
Total expenses, excluding net actuarial losses	34,709	36,489	5.1	340,721	308,194	-9.5
Net actuarial losses	860	820	-4.7	7,740	7,380	-4.7
Total expenses	35,569	37,309	4.9	348,461	315,574	-9.4

Note: Totals may not add due to rounding.

¹ COVID-19 income support for workers includes the Canada Recovery Benefit, the Canada Recovery Caregiving Benefit, the Canada Recovery Sickness Benefit, and the Canada Worker Lockdown Benefit.

² Other fiscal arrangements include the Quebec Abatement (Youth Allowance Recovery and Alternative Payments for Standing Programs), which represent a recovery from Quebec of a tax point transfer; statutory subsidies; and, other items

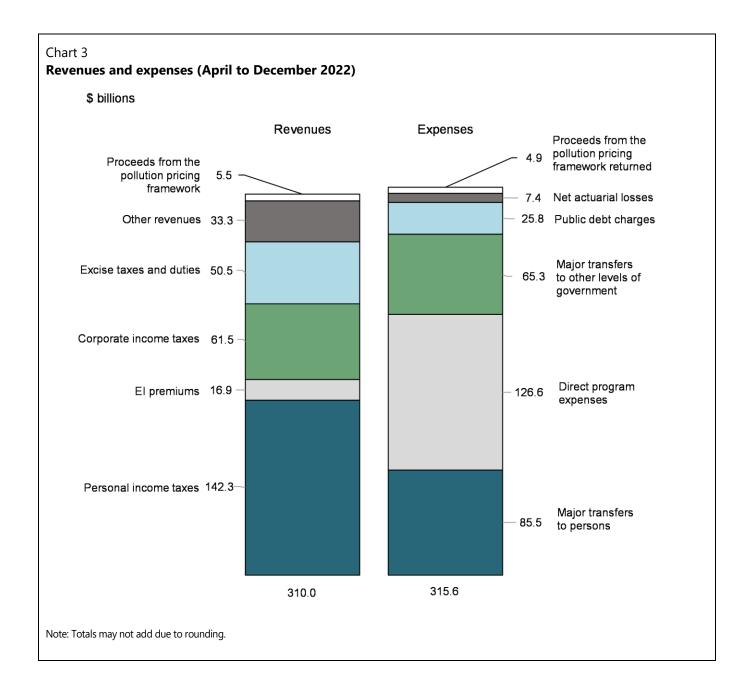
³ Comparative figures have been adjusted to reclassify wage subsidies under the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program from Canada Emergency Wage Subsidy to Other transfer payments, to align with the revised presentation adopted in February 2022.

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

Table 4 **Total expenses by object of expense**

	December		-	April to December		
	2021	2022	Change	2021-22	2022-23	Change
	(\$ millio	ons)	(%)	(\$ mil	lions)	(%)
Transfer payments	23,365	23,522	0.7	247,553	201,344	-18.7
Other expenses						
Personnel, excluding net actuarial losses	5,011	5,566	11.1	43,592	47,231	8.3
Transportation and communications	193	232	20.2	1,602	2,005	25.2
Information	50	42	-16.0	351	290	-17.4
Professional and special services	1,573	1,523	-3.2	10,256	11,099	8.2
Rentals	320	267	-16.6	2,822	2,929	3.8
Repair and maintenance	342	344	0.6	2,283	2,776	21.6
Utilities, materials and supplies	989	658	-33.5	5,678	6,377	12.3
Other subsidies and expenses	230	576	150.4	4,156	4,358	4.9
Amortization of tangible capital assets	410	431	5.1	3,671	3,857	5.1
Net loss on disposal of assets	11	9	-18.2	78	84	7.7
Total other expenses	9,129	9,648	5.7	74,489	81,006	8.7
Total program expenses, excluding net actuarial losses	32,494	33,170	2.1	322,042	282,350	-12.3
Public debt charges	2,215	3,319	49.8	18,679	25,844	38.4
Total expenses, excluding net actuarial losses	34,709	36,489	5.1	340,721	308,194	-9.5
Net actuarial losses	860	820	-4.7	7,740	7,380	-4.7
Total expenses	35,569	37,309	4.9	348,461	315,574	-9.4

Note: Totals may not add due to rounding.



Financial requirement of \$38.6 billion for April to December 2022

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 \$5.5 billion and a requirement of \$33.0 billion from non-budgetary transactions, there was a financial requirement of \$38.6 billion for the April to December 2022 period, compared to a financial requirement of \$89.4 billion for the same period of the previous year.

The lower financial requirement in 2022-23 largely reflects the improvement in the budgetary balance.

Table 5

The budgetary balance and financial source/requirement \$ millions

	December		April to Dec	ember
	2021	2022	2021-22	2022-23
Budgetary balance (deficit/surplus)	3,583	-1,983	-70,113	-5,536
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable ¹	12,253	-98	5,381	-20,565
Pensions, other future benefits, and other liabilities	1,032	1,905	8,151	10,487
Foreign exchange accounts and derivatives ¹	-4,041	-770	-12,711	-14,150
Loans, investments and advances	-2,325	-55	-19,017	-6,954
Non-financial assets	-493	-258	-1,119	-1,849
Total non-budgetary transactions	6,426	724	-19,315	-33,031
Financial source/requirement	10,009	-1,259	-89,428	-38,567

Note: Totals may not add due to rounding.

Net financing activities up \$16.8 billion

The government financed this financial requirement of \$38.6 billion by drawing down cash balances by \$21.7 billion and increasing unmatured debt by \$16.8 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

Cash balances at the end of December 2022 stood at \$70.5 billion, down \$1.5 billion from their level at the end of December 2021.

¹ Comparative figures have been reclassified to reflect the current year presentation under a new accounting standard. See Note 8 at the end of this document for further details.

Table 6
Financial source/requirement and net financing activities
\$ millions

	December		April to Dec	ember	
	2021	2022	2021-22	2022-23	
Financial source/requirement	10,009	-1,259	-89,428	-38,567	
Net increase (+)/decrease (-) in financing activities					
Unmatured debt transactions					
Canadian currency borrowings					
Marketable bonds ¹	1,250	6,415	125,323	14,762	
Treasury bills ¹	2,371	1,509	-28,304	681	
Retail debt	-141	-	-299	-	
Total Canadian currency borrowings	3,480	7,924	96,720	15,443	
Foreign currency borrowings ¹	653	-204	5,390	1,586	
Total market debt transactions	4,133	7,720	102,110	17,029	
Obligations related to capital leases and other unmatured debt	-10	-20	-14	-203	
Net change in financing activities	4,123	7,700	102,096	16,826	
Change in cash balance	14,132	6,441	12,668	-21,741	
Cash balance at end of period			72,058	70,520	

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 and remeasurement gains and losses.

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.

Remeasurement gains and losses represent changes in the fair value of derivatives, such as swap agreements and foreign exchange forward agreements, which are used by the government to manage financial risks. As with other comprehensive income or loss, remeasurement gains and losses are not reflected in the budgetary balance but are instead charged directly to the accumulated deficit. The government began accounting for remeasurement gains and losses in 2022-23 with the adoption of a new standard of the Public Sector Accounting Board regarding financial instruments (see Note 8).

The accumulated deficit increased by \$2.8 billion over the April to December 2022 period, reflecting the \$5.5-billion budgetary deficit, offset by \$0.1 billion in other comprehensive income and \$2.6 billion in net remeasurement gains.

¹ Comparative figures have been reclassified to reflect the current year presentation under a new accounting standard. See Note 8 at the end of this document for further details.

Table 7

Condensed statement of assets and liabilities

	April 1, 2022	-	
	Opening balance (Note 8)	December 31, 2022	Change
Liabilities	(Note 0)	2022	Change
Accounts payable and accrued liabilities	262,220	232,669	-29,551
Derivative financial liabilities ¹	2,778	2,697	-81
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,043,989	1,058,751	14,762
Treasury bills	186,877	187,558	681
Subtotal	1,230,866	1,246,309	15,443
Payable in foreign currencies	14,473	16,059	1,586
Obligations related to capital leases and other unmatured debt	5,366	5,163	-203
Total unmatured debt	1,250,705	1,267,531	16,826
Pension and other liabilities			
Public sector pensions	167,666	164,188	-3,478
Other employee and veteran future benefits	159,705	174,373	14,668
Other liabilities	7,707	7,004	-703
Total pension and other liabilities	335,078	345,565	10,487
Total interest-bearing debt	1,585,783	1,613,096	27,313
Total liabilities	1,850,781	1,848,462	-2,319
Financial assets			
Cash and accounts receivable	280,026	249,299	-30,727
Foreign exchange accounts	104,031	124,095	20,064
Derivative financial assets ¹	3,403	-	-3,403
Loans, investments, and advances (net of allowances) ²	207,031	214,125	7,094
Public sector pension assets	9,203	9,203	-
Total financial assets	603,694	596,722	-6,972
Net debt	1,247,087	1,251,740	4,653
Non-financial assets	105,268	107,117	1,849
Federal debt (accumulated deficit)	1,141,819	1,144,623	2,804

Note: Totals may not add due to rounding.

¹ December 31, 2022 net balance of derivative assets and derivative liabilities includes remeasurement gains of \$2.6 billion resulting from the change in their fair values for the April to December 2022 period.

² December 31, 2022 amount includes \$0.1 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April to December 2022 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.
- 8. Reclassification of comparative information and adjustment to opening balances:
 - Starting in 2022-23, the government has adopted a new standard of the Public Sector Accounting Board regarding asset retirement obligations. Asset retirement obligations represent requirements under an agreement, contract, legislation, or a constructive or equitable obligation to undertake specific actions to retire tangible capital assets at the end of their useful lives. This includes activities such as decommissioning of nuclear reactors and removal of asbestos. The adoption of this standard has not had a material effect on the budgetary balance for the current year. This standard has been applied on a modified retroactive basis and the prior year's budgetary transactions have not been restated for the purposes of The Fiscal Monitor. However, an adjustment to the opening balance of the accumulated deficit for 2022-23 has been reflected in Table 7, Condensed Statement of Assets and Liabilities. The amount of this adjustment may be revised as more information becomes available.

- ii) Also starting in 2022-23, the government has adopted a new standard of the Public Sector Accounting Board regarding financial instruments. Financial instruments include receivables, payables, equity instruments, debt, and derivatives, such as forward contracts and cross-currency swaps. Under the new standard, derivatives, which were previously recorded at historical cost, are recognized at fair value. Changes in the fair value of derivatives are not reflected in the budgetary balance but are instead charged directly to the accumulated deficit as remeasurement gains and losses. The adoption of this standard has also resulted in the reclassification of certain accounts, as follows:
 - cross-currency swaps, previously reported as part of unmatured debt, are classified as derivatives and reported outside of unmatured debt;
 - forward contracts, previously reported as part of accounts payable and accrued liabilities, are reported as derivatives;
 - accrued interest, previously reported as part of accounts payable and accrued liabilities, is now
 included with the associated category of unmatured debt (i.e., marketable bonds, treasury bills, and
 foreign currency borrowings); and,
 - unamortized discounts and premiums on market debt, previously reported as a separate item within unmatured debt, are now included with the associated category of unmatured debt (i.e., marketable bonds, treasury bills, and foreign currency borrowings).

This standard has been applied on a prospective basis. The prior year's budgetary transactions have not been restated, but balances in the prior year have been reclassified to reflect the current year's presentation. An adjustment to the opening balance of the accumulated deficit for 2022-23 is also reflected in Table 7, Condensed Statement of Assets and Liabilities.

A reconciliation of the reclassification and adjustment to the opening balance of the government's financial position as at April 1, 2022 is summarized as follows:

Table 8 Summary of reclassifications and adjustments to opening balances

		Effect of		
		change in	Effect of	
	Manak 24	accounting	change in	A 1 4
	March 31, 2022	policy for asset	accounting policy for	April 1, 2022
	Closing	retirement	financial	Opening
	balance ¹	obligations	instruments	balance
Liabilities				
Accounts payable and accrued liabilities	260,288	6,095	(4,163)	262,220
Derivative financial liabilities	-	-	2,778	2,778
Interest-bearing debt				
Unmatured debt				
Payable in Canadian currency				
Marketable bonds	1,030,896	-	13,093	1,043,989
Treasury bills	187,381	-	(504)	186,877
Subtotal	1,218,277	-	12,589	1,230,866
Payable in foreign currencies	14,451	-	22	14,473
Cross-currency swap revaluation	(2,246)	-	2,246	-
Unamortized discounts and premiums on market debt	7,443	-	(7,443)	-
Obligations related to capital leases and other unmatured debt	5,366	-	-	5,366
Total unmatured debt	1,243,291	-	7,414	1,250,705
Pension and other liabilities	335,078	-	-	335,078
Total interest-bearing debt	1,578,369	-	7,414	1,585,783
Total liabilities	1,838,657	6,095	6,029	1,850,781
Financial assets				
Derivative financial assets	-	-	3,403	3,403
Other financial assets	600,291	-	-	600,291
Total financial assets	600,291	-	3,403	603,694
Net debt	1,238,366	6,095	2,626	1,247,087
Non-financial assets	103,873	1,395	-	105,268
Federal debt (accumulated deficit)	1,134,493	4,700	2,626	1,141,819
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¹ Source: *Public Accounts of Canada 2022.*

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

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