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Ministère des Finances
Canada



THE FISCAL MONITOR

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Financial Results for March 2023

Canada 

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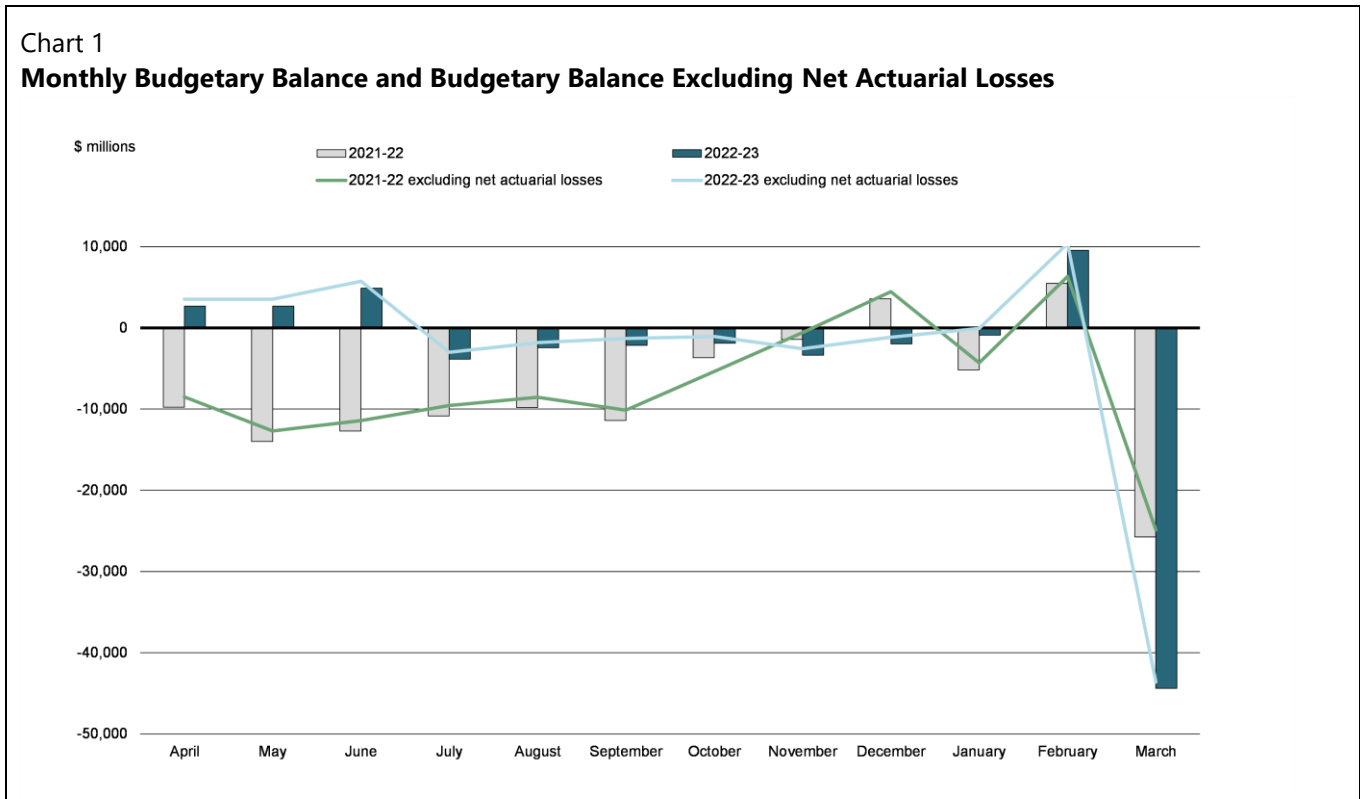
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Highlights

March 2023

There was a budgetary deficit of \$44.4 billion in March 2023, compared to a deficit of \$25.7 billion in March 2022. The budgetary deficit before net actuarial losses was \$43.6 billion, compared to a deficit of \$24.9 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 March 2022:

- Revenues decreased by \$1.8 billion, or 4.5 per cent, largely reflecting the one-time Grocery Rebate announced in Budget 2023.
- Program expenses excluding net actuarial losses were up \$15.7 billion, or 25.3 per cent, largely reflecting higher provisions for contingent liabilities and loans, and increased transfers to other levels of government.
- Public debt charges were up \$1.3 billion, or 53.3 per cent, reflecting higher interest rates.
- Net actuarial losses were down \$0.1 billion, or 9.3 per cent.

April 2022 to March 2023

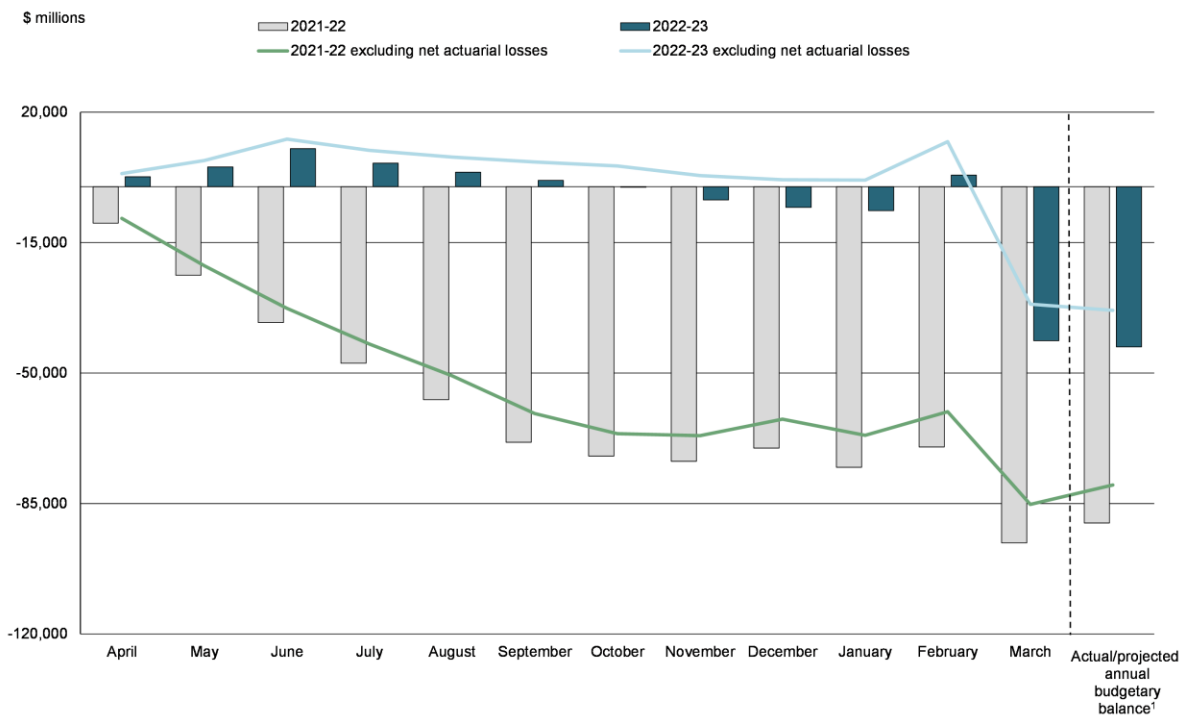
The government posted a budgetary deficit of \$41.3 billion for the April to March period of the 2022-23 fiscal year, compared to a deficit of \$95.6 billion reported for the same period of 2021-22. The budgetary deficit before net actuarial losses was \$31.5 billion, compared to a deficit of \$85.2 billion in the April to March period of 2021-22.

Compared to 2021-22:

- Revenues were up \$34.2 billion, or 8.6 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 \$29.9 billion, or 6.5 per cent, primarily driven by lower transfers to individuals and businesses due to expiring temporary COVID-19 measures.
- Public debt charges increased by \$10.4 billion, or 42.0 per cent, reflecting higher interest rates, as well as higher interest on the government's pension and benefit obligations.
- Net actuarial losses decreased by \$0.5 billion, or 5.0 per cent.

Chart 2

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



¹ Sources: Annual Financial Report of the Government of Canada 2021-2022; Budget 2023.

Table 1

Summary statement of transactions

\$ millions

	March		April to March	
	2022	2023	2021-22	2022-23
Budgetary transactions				
Revenues	39,403	37,643	396,821	431,040
Expenses				
Program expenses, excluding net actuarial losses	-61,839	-77,508	-457,296	-427,381
Public debt charges	-2,452	-3,760	-24,771	-35,173
Budgetary balance, excluding net actuarial losses	-24,888	-43,625	-85,246	-31,514
Net actuarial losses	-860	-780	-10,320	-9,800
Budgetary balance (deficit/surplus)	-25,748	-44,405	-95,566	-41,314
Non-budgetary transactions	27,087	29,032	7,282	-23,543
Financial source/requirement	1,339	-15,373	-88,284	-64,857
Net change in financing activities	7,077	-4,361	121,156	14,392
Net change in cash balances	8,416	-19,734	32,872	-50,465
Cash balance at end of period			92,261	41,797

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

Revenues

Revenues in March 2023 totalled \$37.6 billion, down \$1.8 billion, or 4.5 per cent, from March 2022.

- Tax revenues decreased by \$1.1 billion, or 3.6 per cent, compared to the same period in 2021-22, driven by a decline in Goods and Services Tax revenue reflecting the one-time Grocery Rebate announced in Budget 2023.
- Proceeds from the pollution pricing framework were up \$0.3 billion, or 44.1 per cent, reflecting higher carbon pollution pricing in 2023. Direct proceeds will continue to be fully returned in the provinces or territories where they are generated.
- Employment Insurance (EI) premium revenues were up \$0.5 billion, or 15.3 per cent, reflecting better labour market conditions and a higher premium rate.
- Other revenues, consisting of enterprise Crown corporations' net profits, revenues from sales of goods and services, returns on investments and net foreign exchange revenues, were down \$1.5 billion, or 28.0 per cent, driven by timing impacts of enterprise Crown corporation profits and lower Bank of Canada profits.

Revenues for the April to March period of 2022-23 totalled \$431.0 billion, up \$34.2 billion, or 8.6 per cent, from the same period in 2021-22.

- Tax revenues increased by \$28.9 billion, or 8.6 per cent, compared to the same period in 2021-22, reflecting sustained strength in the labour market and corporate profits along with ongoing recovery from the COVID-19 restrictions.
- Proceeds from the pollution pricing framework were up \$2.1 billion, or 36.5 per cent, reflecting higher carbon pollution pricing in 2022 and 2023.
- EI premium revenues were up \$2.7 billion, or 11.2 per cent, largely reflecting better labour market conditions.
- Other revenues were up \$0.5 billion, or 1.6 per cent, due to economic improvement and normalization following COVID-19 and higher interest rates, partially offset by a decline in enterprise Crown corporation profits.

Table 2

Revenues

	March			April to March		
	2022	2023	Change	2021-22	2022-23	Change
	(\$ millions)			(\$ millions)		
	Change (%)			Change (%)		
Tax revenues						
Income taxes						
Personal	16,599	16,526	-0.4	182,180	192,876	5.9
Corporate	8,412	8,646	2.8	80,683	92,428	14.6
Non-resident	655	458	-30.1	9,972	13,316	33.5
Total income tax revenues	25,666	25,630	-0.1	272,835	298,620	9.5
Other taxes and duties						
Goods and Services Tax	3,238	1,376	-57.5	45,465	46,679	2.7
Energy taxes	386	938	143.0	5,301	5,783	9.1
Customs import duties	390	412	5.6	5,211	6,057	16.2
Other excise taxes and duties	507	735	45.0	5,837	6,386	9.4
Total excise taxes and duties	4,521	3,461	-23.4	61,814	64,905	5.0
Total tax revenues	30,187	29,091	-3.6	334,649	363,525	8.6
Proceeds from the pollution pricing framework	692	997	44.1	5,791	7,907	36.5
Employment Insurance premiums	3,272	3,772	15.3	24,038	26,735	11.2
Other revenues	5,252	3,783	-28.0	32,343	32,873	1.6
Total revenues	39,403	37,643	-4.5	396,821	431,040	8.6

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in March 2023 were \$77.5 billion, up \$15.7 billion, or 25.3 per cent, from March 2022.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were down \$0.5 billion or 5.2 per cent.
 - Elderly benefits increased by \$0.9 billion, or 17.2 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.
 - EI benefits decreased by \$0.6 billion, or 22.5 per cent, largely reflecting the expiry of temporary measures to facilitate access to EI, and a lower unemployment rate.
 - COVID-19 income support for workers decreased \$0.9 billion, reflecting the Canada Worker Lockdown Benefit, Canada Recovery Caregiving Benefit, and Canada Recovery Sickness Benefit in the prior year, as well as redeterminations of benefits in the current year.
 - Children's benefits were up \$15 million, or 0.7 per cent.
- Major transfers to other levels of government were up \$3.3 billion, or 38.6 per cent, largely reflecting the \$2-billion Canada Health Transfer top-up announced in Budget 2023, increased transfers for Canada-wide early learning and child care, and support through the Fiscal Stabilization program.
- Proceeds from the pollution pricing framework returned decreased by \$4 million, or 8.0 per cent.

- Direct program expenses were up \$12.9 billion, or 30.0 per cent. Within direct program expenses:
 - Canada Emergency Wage Subsidy (CEWS) payments decreased by \$0.3 billion, reflecting the end of the program and reassessments of previous claims.
 - Other transfer payments increased by \$5.6 billion, or 24.0 per cent, driven by higher provisions for contingent liabilities and loans. This increase was partly offset by lower expenses for disaster assistance, due to the accrual in March 2022 of the estimated federal share of recovery costs for several natural disasters in British Columbia.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$7.6 billion, or 39.3 per cent, largely reflecting increased provisions for contingent liabilities, offset in part by a decrease in public health expenses.

Public debt charges increased \$1.3 billion, or 53.3 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 \$0.1 billion, or 9.3 per cent.

For the April to March period of 2022-23, program expenses excluding net actuarial losses were \$427.4 billion, down \$29.9 billion, or 6.5 per cent, from the same period the previous year.

- Major transfers to persons were down \$32.2 billion or 22.3 per cent.
 - Elderly benefits increased by \$8.2 billion, or 13.4 per cent, largely reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed. In addition, as of July 2022, the Old Age Security pension has permanently increased by 10 per cent for seniors aged 75 and over.
 - EI benefits decreased by \$17.5 billion, or 44.3 per cent, largely reflecting the expiry of temporary measures to facilitate access to EI, and a lower unemployment rate.
 - COVID-19 income support for workers decreased \$21.3 billion, reflecting the wind-down of the Canada Recovery Benefit, Canada Recovery Caregiving Benefit, Canada Recovery Sickness Benefit, and Canada Worker Lockdown Benefit, as well as the redetermination of benefits in the current year.
 - Children's benefits were down \$1.7 billion, or 6.5 per cent, largely reflecting the temporary Canada Child Benefit young child supplement in 2021-22.
- Major transfers to other levels of government were up \$5.2 billion, or 6.1 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as the \$2-billion top-up to the Canada Health Transfer and increased Canada-wide early learning and child care transfers. These increases were offset in part by a decrease in transfers under health agreements with provinces and territories, and an increase in the current year in the amount of the Quebec Abatement, which is accounted for as a reduction in transfer payments.
- Proceeds from the pollution pricing framework returned increased by \$2.9 billion, or 75.1 per cent, reflecting the change in the delivery of the Climate Action Incentive, from annually on personal income tax returns to a quarterly benefit, as well as an increase in the rate of the Climate Action Incentive.

- Direct program expenses were down \$5.8 billion, or 2.6 per cent. Within direct program expenses:
 - CEWS payments decreased by \$22.5 billion, reflecting the end of the program and reassessments of previous benefits.
 - Other transfer payments increased by \$5.6 billion, or 6.6 per cent, reflecting several factors, including year-over-year differences in provisions for contingent liabilities and loans, as well as increased international assistance and increased payments with respect to Indigenous Peoples. These increases were offset in part by the end of temporary COVID-19 programs and lower provisions for disaster assistance.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$11.0 billion, or 9.6 per cent, largely reflecting increased provisions for contingent liabilities and higher personnel costs, offset in part by lower public health expenses.

Public debt charges increased by \$10.4 billion, or 42.0 per cent, reflecting higher interest rates, as well as higher interest on the government's pension and benefit obligations.

Net actuarial losses decreased by \$0.5 billion, or 5.0 per cent.

Table 3

Expenses

	March			April to March		
	2022	2023	Change	2021-22	2022-23	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	5,263	6,170	17.2	61,222	69,436	13.4
Employment Insurance benefits	2,544	1,972	-22.5	39,425	21,955	-44.3
COVID-19 income support for workers ¹	370	-509	-237.6	17,787	-3,488	-119.6
Children's benefits	2,066	2,081	0.7	26,261	24,561	-6.5
Total major transfers to persons	10,243	9,714	-5.2	144,695	112,464	-22.3
Major transfers to other levels of government						
Canada Health Transfer	3,601	5,700	58.3	43,133	47,141	9.3
Canada Social Transfer	1,289	1,328	3.0	15,474	15,938	3.0
Equalization	1,787	1,874	4.9	20,955	21,968	4.8
Territorial Formula Financing	298	310	4.0	4,380	4,553	3.9
Canada-wide early learning and child care	1,117	1,774	58.8	2,948	4,489	52.3
Canada Community-Building Fund	-	96	n/a	2,320	2,269	-2.2
Health agreements with provinces/territories ²	908	739	-18.6	2,500	1,200	-52.0
Other fiscal arrangements ³	-511	-54	89.4	-6,173	-6,774	-9.7
Total major transfers to other levels of government	8,489	11,767	38.6	85,537	90,784	6.1
Proceeds from the pollution pricing framework returned	50	46	-8.0	3,796	6,648	75.1
Direct program expenses						
Canada Emergency Wage Subsidy	266	-33	-112.4	22,165	-308	-101.4
Other transfer payments	23,469	29,093	24.0	85,488	91,133	6.6
Operating expenses	19,322	26,921	39.3	115,615	126,660	9.6
Total direct program expenses	43,057	55,981	30.0	223,268	217,485	-2.6
Total program expenses, excluding net actuarial losses	61,839	77,508	25.3	457,296	427,381	-6.5
Public debt charges	2,452	3,760	53.3	24,771	35,173	42.0
Total expenses, excluding net actuarial losses	64,291	81,268	26.4	482,067	462,554	-4.0
Net actuarial losses	860	780	-9.3	10,320	9,800	-5.0
Total expenses	65,151	82,048	25.9	492,387	472,354	-4.1

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 Health agreements with provinces/territories include Home and Community Care and Mental Health and Substance Use Agreements.

³ 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; Fiscal Stabilization; statutory subsidies; and other items.

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

Table 4

Total expenses by object of expense

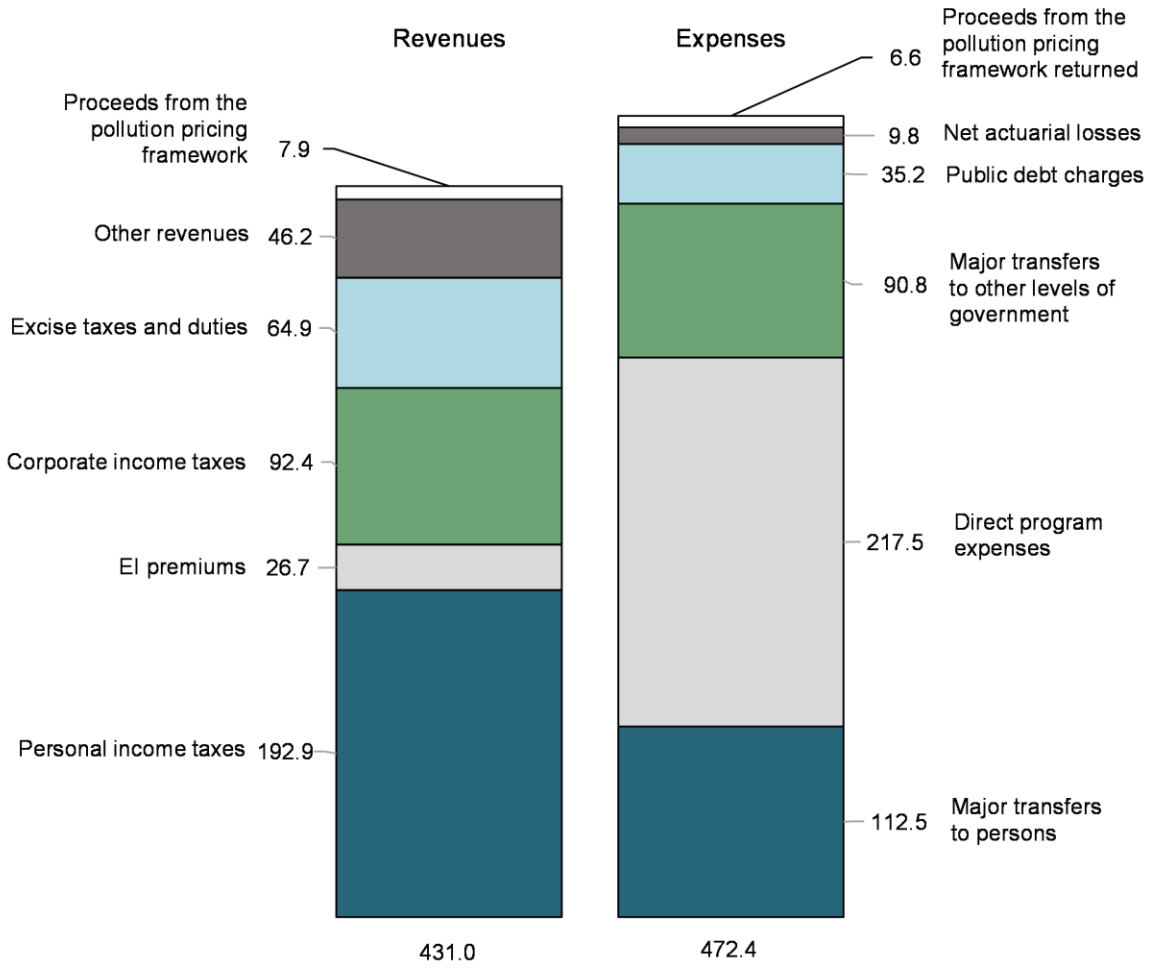
	March			April to March		
	2022	2023	Change	2021-22	2022-23	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	42,517	50,587	19.0	341,681	300,721	-12.0
Other expenses						
Personnel, excluding net actuarial losses	6,740	7,634	13.3	60,145	65,399	8.7
Transportation and communications	858	671	-21.8	2,940	3,148	7.1
Information	187	172	-8.0	650	592	-8.9
Professional and special services	4,530	4,507	-0.5	17,441	18,729	7.4
Rentals	616	646	4.9	4,033	4,247	5.3
Repair and maintenance	968	817	-15.6	3,785	4,254	12.4
Utilities, materials and supplies	3,595	780	-78.3	11,359	8,315	-26.8
Other subsidies and expenses	1,761	11,285	540.8	10,595	16,756	58.2
Amortization of tangible capital assets	55	381	592.7	4,549	5,090	11.9
Net loss on disposal of assets	12	28	133.3	118	130	10.2
Total other expenses	19,322	26,921	39.3	115,615	126,660	9.6
Total program expenses, excluding net actuarial losses	61,839	77,508	25.3	457,296	427,381	-6.5
Public debt charges	2,452	3,760	53.3	24,771	35,173	42.0
Total expenses, excluding net actuarial losses	64,291	81,268	26.4	482,067	462,554	-4.0
Net actuarial losses	860	780	-9.3	10,320	9,800	-5.0
Total expenses	65,151	82,048	25.9	492,387	472,354	-4.1

Note: Totals may not add due to rounding.

Chart 3

Revenues and expenses (April 2022 to March 2023)

\$ billions



Note: Totals may not add due to rounding.

Financial requirement of \$64.9 billion for April 2022 to March 2023

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 \$41.3 billion and a requirement of \$23.5 billion from non-budgetary transactions, there was a financial requirement of \$64.9 billion for the April 2022 to March 2023 period, compared to a financial requirement of \$88.3 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

	March		April to March	
	2022	2023	2021-22	2022-23
Budgetary balance (deficit/surplus)	-25,748	-44,405	-95,566	-41,314
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable ¹	26,107	25,828	29,988	-13,602
Pensions, other future benefits, and other liabilities	9,767	1,602	19,982	14,177
Foreign exchange accounts and derivatives ¹	-3,943	1,552	-14,090	-15,769
Loans, investments and advances	-3,439	2,063	-25,434	-4,081
Non-financial assets	-1,405	-2,013	-3,164	-4,268
Total non-budgetary transactions	27,087	29,032	7,282	-23,543
Financial source/requirement	1,339	-15,373	-88,284	-64,857

Note: Totals may not add due to rounding.

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.

Net financing activities up \$14.4 billion

The government financed this financial requirement of \$64.9 billion by drawing down cash balances by \$50.5 billion and increasing unmatured debt by \$14.4 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills.

Cash balances at the end of March 2023 stood at \$41.8 billion, down \$50.5 billion from their level at the end of March 2022.

Table 6

Financial source/requirement and net financing activities

\$ millions

	March		April to March	
	2022	2023	2021-22	2022-23
Financial source/requirement	1,339	-15,373	-88,284	-64,857
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds ¹	3,865	-9,722	154,123	1,053
Treasury bills ¹	2,629	6,382	-31,793	12,019
Retail debt	-	-	-299	-
Total Canadian currency borrowings	6,494	-3,340	122,031	13,072
Foreign currency borrowings ¹	472	-994	-996	1,561
Total market debt transactions	6,966	-4,334	121,035	14,633
Obligations related to capital leases and other unmaturing debt	111	-27	121	-241
Net change in financing activities	7,077	-4,361	121,156	14,392
Change in cash balance	8,416	-19,734	32,872	-50,465
Cash balance at end of period			92,261	41,797

Note: Totals may not add due to rounding.

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.

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 \$37.0 billion over the April 2022 to March 2023 period, reflecting the \$41.3-billion budgetary deficit, offset in part by \$1.0 billion in other comprehensive income and \$3.4 billion in net remeasurement gains.

Table 7

Condensed statement of assets and liabilities

\$ millions

	April 1, 2022	March 31, 2023	Change
	Opening balance (Note 8)		
Liabilities			
Accounts payable and accrued liabilities	262,220	242,233	-19,987
Derivative financial liabilities ¹	2,778	4,687	1,909
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,043,989	1,045,042	1,053
Treasury bills	186,877	198,896	12,019
Subtotal	1,230,866	1,243,938	13,072
Payable in foreign currencies	14,473	16,034	1,561
Obligations related to capital leases and other unmaturing debt	5,366	5,125	-241
Total unmaturing debt	1,250,705	1,265,097	14,392
Pension and other liabilities			
Public sector pensions	167,666	162,635	-5,031
Other employee and veteran future benefits	159,705	179,160	19,455
Other liabilities	7,707	7,460	-247
Total pension and other liabilities	335,078	349,255	14,177
Total interest-bearing debt	1,585,783	1,614,352	28,569
Total liabilities	1,850,781	1,861,272	10,491
Financial assets			
Cash and accounts receivable	280,026	223,176	-56,850
Foreign exchange accounts	104,031	125,238	21,207
Derivative financial assets ¹	3,403	3,232	-171
Loans, investments, and advances (net of allowances) ²	207,031	212,063	5,032
Public sector pension assets	9,203	9,203	-
Total financial assets	603,694	572,912	-30,782
Net debt	1,247,087	1,288,360	41,273
Non-financial assets	105,268	109,536	4,268
Federal debt (accumulated deficit)	1,141,819	1,178,824	37,005

Note: Totals may not add due to rounding.

¹ March 31, 2023 net balance of derivative assets and derivative liabilities includes remeasurement gains of \$3.4 billion resulting from the change in their fair values for the April 2022 to March 2023 period.² March 31, 2023 amount includes \$1.0 billion in other comprehensive income from enterprise Crown corporations and other government business enterprises for the April 2022 to March 2023 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:
 - i) 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

\$ millions

	March 31, 2022 Closing balance ¹	Effect of change in accounting policy for asset retirement obligations	Effect of change in accounting policy for financial instruments	April 1, 2022 Opening 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 unamatured debt	5,366	-	-	5,366
Total unamatured 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

¹ Source: Public Accounts of Canada 2022.

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

For inquiries about this publication, contact Bradley Recker at bradley.recker@fin.gc.ca.

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