



Department of Finance
Canada

Ministère des Finances
Canada



The Fiscal Monitor

A publication of the Department of Finance

Financial Results for September 2023

Canada 

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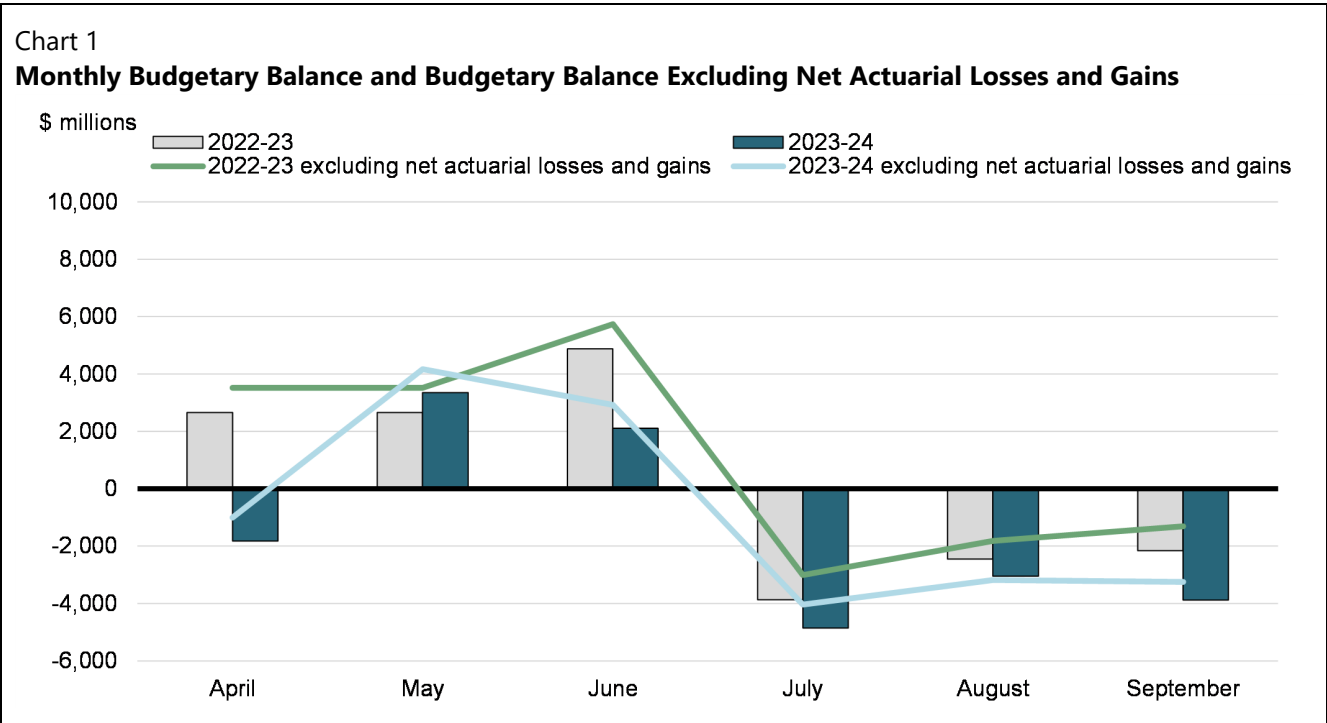
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Highlights

September 2023

There was a budgetary deficit of \$3.9 billion in September 2023, compared to a deficit of \$2.2 billion in September 2022. The budgetary deficit before net actuarial losses was \$3.3 billion, compared to a deficit of \$1.3 billion in the same period of 2022-23. The budgetary balance before net actuarial losses and gains 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 and gains arising from the revaluation of the government’s pension and other employee future benefit plans.



Compared to September 2022:

- Revenues increased by \$1.1 billion, or 3.6 per cent, largely reflecting higher personal income tax revenue and non-tax revenues.
- Program expenses excluding net actuarial losses were up \$1.4 billion, or 4.8 per cent, driven by higher transfers to other levels of government and persons.
- Public debt charges were up \$1.6 billion, or 65.2 per cent, largely reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds relative to adjustments in the same month of the previous year.
- Net actuarial losses were down \$0.2 billion, or 25.4 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023* due to higher discount rates.

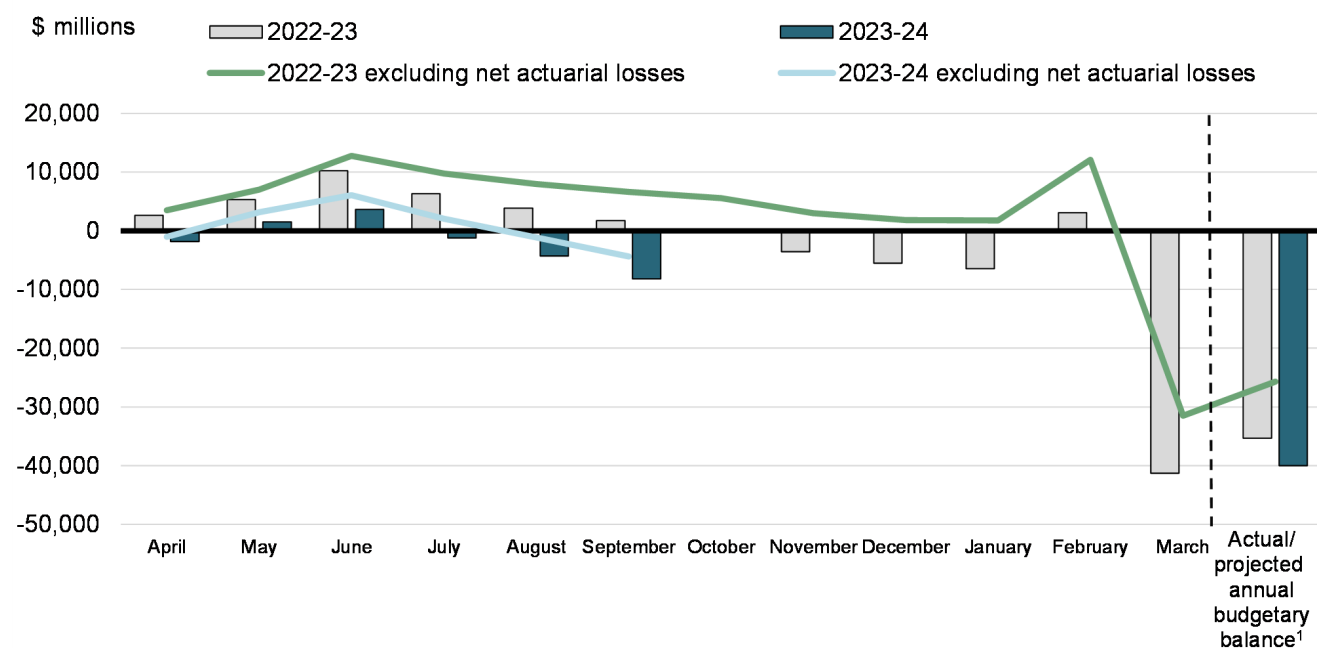
April to September 2023

The government posted a budgetary deficit of \$8.2 billion for the April to September period of the 2023-24 fiscal year, compared to a surplus of \$1.7 billion reported for the same period of 2022-23. The budgetary deficit before net actuarial losses was \$4.4 billion, compared to a surplus of \$6.6 billion in the April to September period of 2022-23.

Compared to 2022-23:

- Revenues were up \$3.5 billion, or 1.7 per cent, largely reflecting higher interest revenues and other non-tax revenues.
- Program expenses excluding net actuarial losses were up \$8.9 billion, or 4.8 per cent, reflecting increases across major transfers to other levels of government, direct program expenses, proceeds from the pollution pricing framework returned, and major transfers to persons.
- Public debt charges increased by \$5.7 billion, or 33.1 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by \$1.1 billion, or 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

Chart 2

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

¹ Sources: Annual Financial Report of the Government of Canada 2022-2023; 2023 Fall Economic Statement.

Table 1

Summary statement of transactions

\$ millions

	September		April to September	
	2022	2023	2022-23	2023-24
Budgetary transactions				
Revenues	31,375	32,519	208,573	212,121
Expenses				
Program expenses, excluding net actuarial losses	-30,169	-31,612	-184,654	-193,508
Public debt charges	-2,518	-4,160	-17,277	-23,003
Budgetary balance, excluding net actuarial losses	-1,312	-3,253	6,642	-4,390
Net actuarial losses	-845	-630	-4,920	-3,780
Budgetary balance (deficit/surplus)	-2,157	-3,883	1,722	-8,170
Non-budgetary transactions	-5,930	5,022	-31,382	-35,087
Financial source/requirement	-8,087	1,139	-29,660	-43,257
Net change in financing activities	-11,835	-26,139	14,414	43,893
Net change in cash balances	-19,922	-25,000	-15,246	636
Cash balance at end of period			77,015	42,433

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

Revenues

Revenues in September 2023 totalled \$32.5 billion, up \$1.1 billion, or 3.6 per cent, from September 2022.

- Tax revenues increased by \$0.1 billion, or 0.4 per cent, compared to the same period in 2022-23, as a result of an increase in personal income tax revenue, being largely offset by declines in corporate and non-resident income tax revenue, as well as other taxes and duties.
- Proceeds from the pollution pricing framework were up \$0.3 billion, or 70.9 per cent, reflecting higher carbon pollution pricing in 2023 and year-over-year timing differences.
- Employment Insurance (EI) premium revenues were up \$0.2 billion, or 11.2 per cent, reflecting a higher premium rate and better labour market conditions.
- Other revenues were up \$0.5 billion, or 23.5 per cent, reflecting higher interest revenues. These increases were offset in part by lower net profits from enterprise Crown corporations, largely reflecting Bank of Canada losses as its interest expense on variable-rate deposits has outpaced interest earned on its fixed-rate investments.

Revenues for the April to September period of 2023-24 totalled \$212.1 billion, up \$3.5 billion, or 1.7 per cent, from the same period in 2022-23.

- Tax revenues decreased by \$1.3 billion, or 0.7 per cent, compared to the same period in 2022-23, owing largely to a decline in income tax revenue, with lower corporate and non-resident income tax revenue partially offset by an increase in personal income tax revenue.
- Proceeds from the pollution pricing framework were up \$0.9 billion, or 26.4 per cent, reflecting higher carbon pollution pricing in 2023.
- EI premium revenues were up \$1.2 billion, or 9.0 per cent, reflecting a higher premium rate and better labour market conditions.
- Other revenues were up \$2.7 billion, or 17.1 per cent, largely reflecting higher interest revenues and net foreign exchange revenues, offset in part by Bank of Canada losses.

Table 2

Revenues

	September			April to September		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Tax revenues						
Income taxes						
Personal	15,333	16,268	6.1	92,561	98,562	6.5
Corporate	5,528	5,155	-6.7	41,372	34,851	-15.8
Non-resident	878	579	-34.1	6,130	5,555	-9.4
Total income tax revenues	21,739	22,002	1.2	140,063	138,968	-0.8
Other taxes and duties						
Goods and Services Tax	3,646	3,450	-5.4	26,742	26,868	0.5
Energy taxes	516	515	-0.2	2,760	2,669	-3.3
Customs import duties	613	534	-12.9	3,297	2,865	-13.1
Other excise taxes and duties	491	620	26.3	3,302	3,528	6.8
Total excise taxes and duties	5,266	5,119	-2.8	36,101	35,930	-0.5
Total tax revenues	27,005	27,121	0.4	176,164	174,898	-0.7
Proceeds from the pollution pricing framework	426	728	70.9	3,560	4,499	26.4
Employment Insurance premiums	1,627	1,809	11.2	13,058	14,229	9.0
Other revenues	2,317	2,861	23.5	15,791	18,495	17.1
Total revenues	31,375	32,519	3.6	208,573	212,121	1.7

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in September 2023 were \$31.6 billion, up \$1.4 billion, or 4.8 per cent, from September 2022.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were up \$0.5 billion or 4.9 per cent.
 - Elderly benefits increased by \$0.5 billion, or 8.6 per cent, largely reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients.
 - EI benefits increased by \$0.1 billion, or 9.3 per cent.
 - COVID-19 income support for workers decreased \$0.4 billion, reflecting redeterminations of benefits in September 2023.
 - Children's benefits were up \$0.2 billion, or 9.7 per cent, mainly reflecting the indexation of benefits to consumer prices.
- Major transfers to other levels of government were up \$1.1 billion, or 18.2 per cent, largely due to legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as a downward adjustment to expenses made in the previous year for a revised estimate of recoveries under the Quebec Abatement.
- Proceeds from the pollution pricing framework returned increased by \$0.1 billion, largely reflecting an increase in the rate of the Climate Action Incentive and, starting July 2023, the inclusion of Newfoundland and Labrador, Nova Scotia, and Prince Edward Island in the framework for the fuel charge. Direct proceeds continue to be fully returned in the provinces or territories where they are generated.
- Direct program expenses were down \$0.3 billion, or 1.7 per cent. Within direct program expenses:
 - Other transfer payments decreased by \$0.1 billion, or 2.5 per cent.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities decreased by \$0.1 billion, or 1.3 per cent, largely reflecting lower public health expenses, offset in part by higher personnel costs and year-over-year timing differences in consolidated Crown corporations' expenses.

Public debt charges increased \$1.6 billion, or 65.2 per cent, largely reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds relative to adjustments in September 2022.

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 \$0.2 billion, or 25.4 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

For the April to September period of 2023-24, program expenses excluding net actuarial losses were \$193.5 billion, up \$8.9 billion, or 4.8 per cent, from the same period the previous year.

- Major transfers to persons were up \$1.4 billion or 2.4 per cent.
 - Elderly benefits increased by \$4.1 billion, or 12.3 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 \$0.9 billion, or 8.4 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI.
 - COVID-19 income support for workers decreased \$2.4 billion, due to the wind-down of these benefits in the prior year, and the redetermination of benefits in the current year.
 - Children's benefits were up \$0.6 billion, or 4.9 per cent, mainly reflecting the indexation of benefits to consumer prices.
- Major transfers to other levels of government were up \$3.4 billion, or 7.7 per cent, primarily due to legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Proceeds from the pollution pricing framework returned increased by \$1.6 billion, or 49.7 per cent, largely reflecting an increase in the rate of the Climate Action Incentive and, starting July 2023, the inclusion of Newfoundland and Labrador, Nova Scotia, and Prince Edward Island in the framework for the fuel charge.
- Direct program expenses were up \$2.5 billion, or 3.1 per cent. Within direct program expenses:
 - Other transfer payments increased by \$1.0 billion, or 3.4 per cent, reflecting a number of factors including disbursements for the third round of the Rapid Housing Initiative, higher payments with respect to Indigenous Peoples, and higher transfers under the Canada Workers Benefit. This was offset in part by the one-time, non-taxable grant provided by the government in 2022-23 to alleviate the financial hardship of Guaranteed Income Supplement and Allowance recipients who received pandemic benefits in 2020, as well as a decrease in international assistance.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$1.5 billion, or 2.9 per cent, reflecting a number of factors including higher personnel expenses, year-over-year timing differences of consolidated Crown corporations' expenses, and higher bad debt expense, offset in part by lower public health expenses.

Public debt charges increased by \$5.7 billion, or 33.1 per cent, largely reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$1.1 billion, or 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

Table 3

Expenses

	September			April to September		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	5,772	6,268	8.6	33,121	37,203	12.3
Employment Insurance benefits	1,349	1,474	9.3	10,943	10,022	-8.4
COVID-19 income support for workers ¹	-	-368	n/a	241	-2,148	-991.3
Children's benefits	2,033	2,230	9.7	12,159	12,758	4.9
Total major transfers to persons	9,154	9,604	4.9	56,464	57,835	2.4
Major transfers to other levels of government						
Canada Health Transfer	3,767	4,118	9.3	22,604	24,710	9.3
Canada Social Transfer	1,328	1,368	3.0	7,969	8,208	3.0
Equalization	1,827	1,997	9.3	10,960	11,981	9.3
Territorial Formula Financing	310	329	6.1	2,695	2,862	6.2
Canada-wide early learning and child care	-	-	n/a	2,219	1,788	-19.4
Canada Community-Building Fund	-	-	n/a	1,134	1,184	4.4
Health agreements with provinces/territories ²	-	-	n/a	1	-	-100.0
Other fiscal arrangements ³	-1,022	-473	53.7	-3,647	-3,422	6.2
Total major transfers to other levels of government	6,210	7,339	18.2	43,935	47,311	7.7
Proceeds from the pollution pricing framework returned	25	147	488.0	3,219	4,819	49.7
Direct program expenses						
Other transfer payments ⁴	5,441	5,305	-2.5	29,005	29,985	3.4
Operating expenses	9,339	9,217	-1.3	52,031	53,558	2.9
Total direct program expenses	14,780	14,522	-1.7	81,036	83,543	3.1
Total program expenses, excluding net actuarial losses	30,169	31,612	4.8	184,654	193,508	4.8
Public debt charges	2,518	4,160	65.2	17,277	23,003	33.1
Total expenses, excluding net actuarial losses	32,687	35,772	9.4	201,931	216,511	7.2
Net actuarial losses	845	630	-25.4	4,920	3,780	-23.2
Total expenses	33,532	36,402	8.6	206,851	220,291	6.5

Note: Totals may not add due to rounding.

¹ COVID-19 income support for workers includes the Canada Emergency Response Benefit, 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 Allowances Recovery and Alternative Payments for Standing Programs), which represent a recovery from Quebec of a tax point transfer; statutory subsidies; and other items.

⁴ Comparative figures have been reclassified to reflect the current year's presentation.

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

Table 4

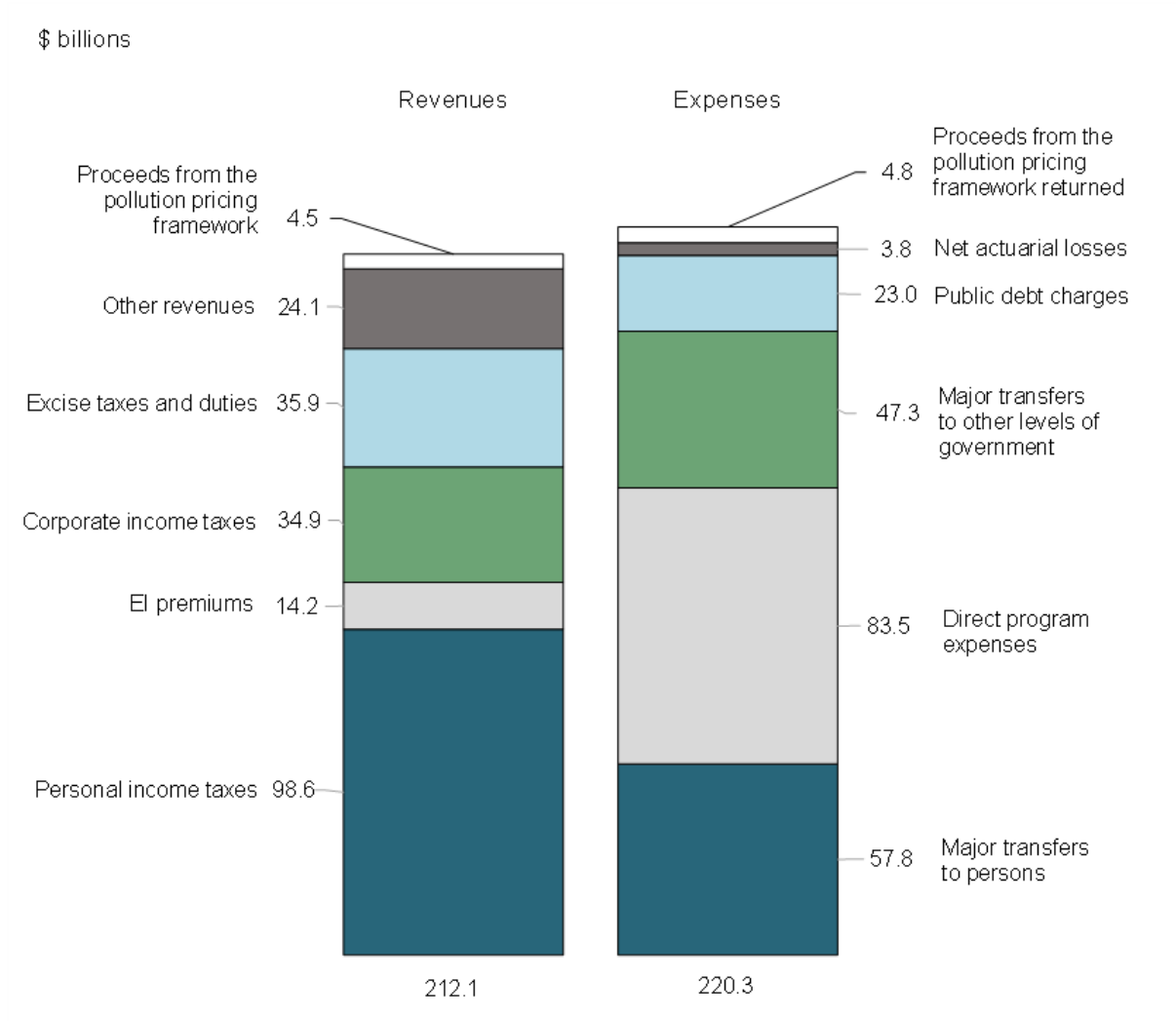
Total expenses by object of expense

	September			April to September		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	20,830	22,395	7.5	132,623	139,950	5.5
Other expenses						
Personnel, excluding net actuarial losses	5,159	5,339	3.5	30,919	32,174	4.1
Transportation and communications	245	234	-4.5	1,277	1,318	3.2
Information	-9	26	-388.9	135	159	17.8
Professional and special services	1,356	1,542	13.7	6,514	7,367	13.1
Rentals	267	314	17.6	2,074	2,221	7.1
Repair and maintenance	313	326	4.2	1,741	1,581	-9.2
Utilities, materials and supplies	815	244	-70.1	3,532	2,203	-37.6
Other subsidies and expenses	756	748	-1.1	3,221	3,874	20.3
Amortization of tangible capital assets	429	437	1.9	2,560	2,610	2.0
Net loss on disposal of assets	8	7	-12.5	58	51	-12.1
Total other expenses	9,339	9,217	-1.3	52,031	53,558	2.9
Total program expenses, excluding net actuarial losses	30,169	31,612	4.8	184,654	193,508	4.8
Public debt charges	2,518	4,160	65.2	17,277	23,003	33.1
Total expenses, excluding net actuarial losses	32,687	35,772	9.4	201,931	216,511	7.2
Net actuarial losses	845	630	-25.4	4,920	3,780	-23.2
Total expenses	33,532	36,402	8.6	206,851	220,291	6.5

Note: Totals may not add due to rounding.

Chart 3

Revenues and expenses (April to September 2023)



Note: Totals may not add due to rounding.

Financial requirement of \$43.3 billion for April to September 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 \$8.2 billion and a requirement of \$35.1 billion from non-budgetary transactions, there was a financial requirement of \$43.3 billion for the April to September 2023 period, compared to a financial requirement of \$29.7 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	September		April to September	
	2022	2023	2022-23	2023-24
Budgetary balance (deficit/surplus)	-2,157	-3,883	1,722	-8,170
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	-5,450	6,054	-16,732	-24,979
Pensions, other future benefits, and other liabilities	-642	1,184	4,926	5,155
Foreign exchange accounts and derivatives	1,596	39	-12,810	-9,583
Loans, investments and advances	-1,573	-1,932	-6,196	-4,754
Non-financial assets	139	-323	-570	-926
Total non-budgetary transactions	-5,930	5,022	-31,382	-35,087
Financial source/requirement	-8,087	1,139	-29,660	-43,257

Note: Totals may not add due to rounding.

Net financing activities up \$43.9 billion

The government financed this financial requirement of \$43.3 billion and increased cash balances by \$0.6 billion by increasing unmatured debt by \$43.9 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills.

Cash balances at the end of September 2023 stood at \$42.4 billion, down \$34.6 billion from their level at the end of September 2022.

Table 6

Financial source/requirement and net financing activities

\$ millions

	September		April to September	
	2022	2023	2022-23	2023-24
Financial source/requirement	-8,087	1,139	-29,660	-43,257
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	-14,346	-27,670	12,200	-15,875
Treasury bills	4,127	2,379	-3,683	54,277
Total Canadian currency borrowings	-10,219	-25,291	8,517	38,402
Foreign currency borrowings	-1,599	-845	6,040	5,624
Total market debt transactions	-11,818	-26,136	14,557	44,026
Obligations related to capital leases and other unmaturing debt	-17	-3	-143	-133
Net change in financing activities	-11,835	-26,139	14,414	43,893
Change in cash balance	-19,922	-25,000	-15,246	636
Cash balance at end of period			77,015	42,433

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 remeasurement gains and losses.

Remeasurement gains and losses include:

- 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, and
- certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by consolidated Crown corporations, enterprise Crown corporations, and other government business enterprises.

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.

The accumulated deficit increased by \$11.3 billion over the April to September 2023 period, reflecting the \$8.2-billion budgetary deficit and \$3.1 billion in net remeasurement losses.

Table 7

Condensed statement of assets and liabilities

\$ millions

	March 31, 2023	September 30, 2023	Change
Liabilities			
Accounts payable and accrued liabilities	259,440	226,081	-33,359
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,044,997	1,029,122	-15,875
Treasury bills	198,899	253,176	54,277
Subtotal	1,243,896	1,282,298	38,402
Payable in foreign currencies	16,034	21,658	5,624
Obligations related to capital leases and other unmaturred debt	5,110	4,977	-133
Total unmaturred debt	1,265,040	1,308,933	43,893
Pension and other liabilities			
Public sector pensions	166,425	163,259	-3,166
Other employee and veteran future benefits	177,949	187,204	9,255
Other liabilities	7,339	6,405	-934
Total pension and other liabilities	351,713	356,868	5,155
Total interest-bearing debt	1,616,753	1,665,801	49,048
Foreign exchange accounts liabilities	44,151	43,525	-626
Derivatives ¹	4,689	2,347	-2,342
Total liabilities	1,925,033	1,937,754	12,721
Financial assets			
Cash and accounts receivable	243,520	235,776	-7,744
Foreign exchange accounts assets	169,390	175,919	6,529
Derivatives ¹	3,260	228	-3,032
Loans, investments, and advances (net of allowances) ²	213,110	217,833	4,723
Public sector pension assets	12,996	12,996	-
Total financial assets	642,276	642,752	476
Net debt	1,282,757	1,295,002	12,245
Non-financial assets	109,744	110,670	926
Federal debt (accumulated deficit)	1,173,013	1,184,332	11,319

Note: Totals may not add due to rounding.

¹ September 30, 2023 net balance of derivative assets and derivative liabilities includes net remeasurement losses of \$3.1 billion resulting from the change in their fair values over the April to September 2023 period.² September 30, 2023 amount includes \$31 million in net remeasurement losses from enterprise Crown corporations and other government business enterprises, and from changes in the fair value of investments held by consolidated Crown corporations, for the April to September 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.

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

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November 2023