



Department of Finance
Canada

Ministère des Finances
Canada



The Fiscal Monitor

A publication of the Department of Finance

Financial Results for October 2023

Canada 

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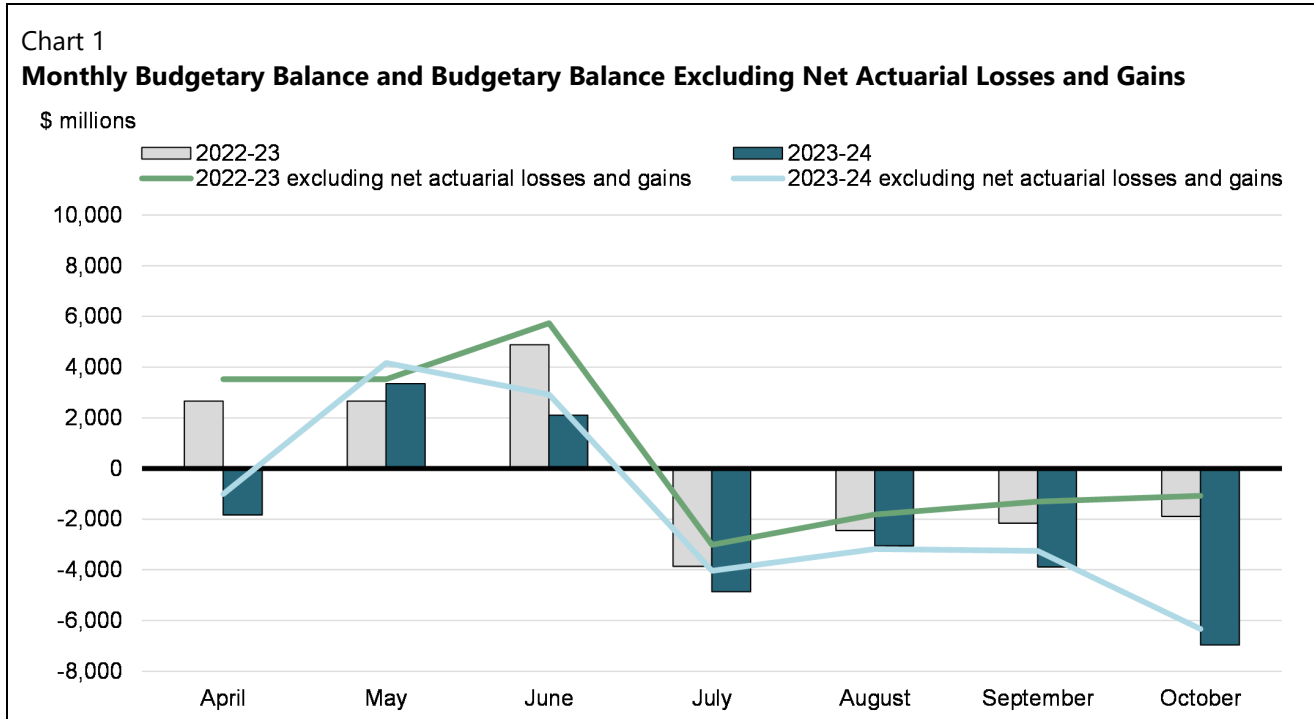
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Highlights

October 2023

There was a budgetary deficit of \$7.0 billion in October 2023, compared to a deficit of \$1.9 billion in October 2022. The budgetary deficit before net actuarial losses and gains was \$6.3 billion, compared to a deficit of \$1.1 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 October 2022:

- Revenues decreased by \$0.6 billion, or 1.6 per cent, largely reflecting lower corporate income tax revenue and lower net profits from enterprise Crown corporations.
- Program expenses excluding net actuarial losses and gains were up \$2.9 billion, or 8.6 per cent, reflecting increases across all major categories of program spending.
- Public debt charges were up \$1.8 billion, or 73.6 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 23.2 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.

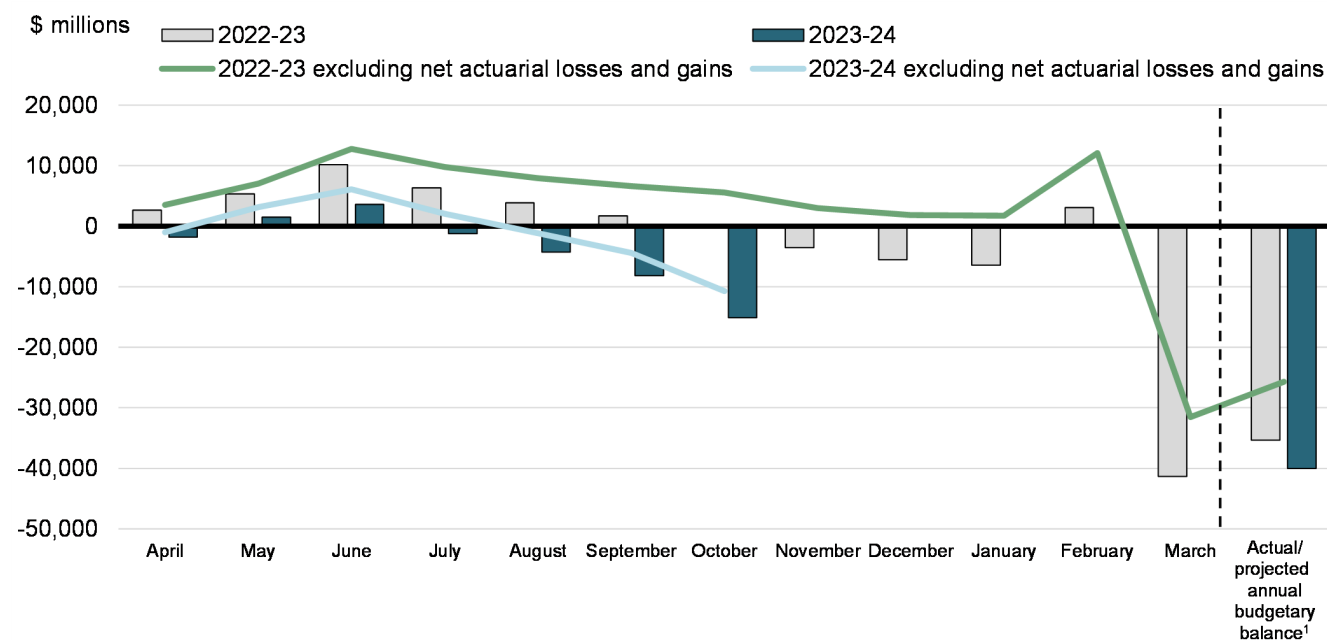
April to October 2023

The government posted a budgetary deficit of \$15.1 billion for the April to October period of the 2023-24 fiscal year, compared to a deficit of \$0.2 billion reported for the same period of 2022-23. The budgetary deficit before net actuarial losses was \$10.7 billion, compared to a surplus of \$5.6 billion in the April to October period of 2022-23.

Compared to 2022-23:

- Revenues were up \$3.0 billion, or 1.2 per cent, largely reflecting higher interest revenues and other non-tax revenues.
- Program expenses excluding net actuarial losses were up \$11.8 billion, or 5.4 per cent, reflecting increases across all major categories of spending.
- Public debt charges increased by \$7.5 billion, or 38.1 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 \$1.3 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 and Gains

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

Table 1

Summary statement of transactions

\$ millions

	October		April to October	
	2022	2023	2022-23	2023-24
Budgetary transactions				
Revenues	35,307	34,747	243,880	246,867
Expenses				
Program expenses, excluding net actuarial losses	-33,974	-36,895	-218,628	-230,404
Public debt charges	-2,409	-4,181	-19,686	-27,184
Budgetary balance, excluding net actuarial losses	-1,076	-6,329	5,566	-10,721
Net actuarial losses	-820	-630	-5,740	-4,410
Budgetary balance (deficit/surplus)	-1,896	-6,959	-174	-15,131
Non-budgetary transactions	316	2,982	-31,064	-32,105
Financial source/requirement	-1,580	-3,977	-31,238	-47,236
Net change in financing activities	19,153	14,897	33,567	58,790
Net change in cash balances	17,573	10,920	2,329	11,554
Cash balance at end of period			94,590	53,352

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

Revenues

Revenues in October 2023 totalled \$34.7 billion, down \$0.6 billion, or 1.6 per cent, from October 2022.

- Tax revenues decreased by \$0.3 billion, or 0.9 per cent, compared to the same period in 2022-23, as a result of a decline in corporate income tax revenues that was somewhat offset by an increase in personal income and non-resident income tax revenue, as well as other taxes and duties.
- Proceeds from the pollution pricing framework were up \$0.2 billion, or 31.3 per cent, reflecting higher carbon pollution pricing in 2023.
- Employment Insurance (EI) premium revenues were up \$0.1 billion, or 10.2 per cent, reflecting better labour market conditions and a higher premium rate.
- Other revenues were down \$0.6 billion, or 21.3 per cent, reflecting lower net profits from enterprise Crown corporations, offset in part by higher interest revenues.

Revenues for the April to October period of 2023-24 totalled \$246.9 billion, up \$3.0 billion, or 1.2 per cent, from the same period in 2022-23.

- Tax revenues decreased by \$1.5 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 \$1.1 billion, or 27.0 per cent, reflecting higher carbon pollution pricing in 2023.
- EI premium revenues were up \$1.3 billion, or 9.1 per cent, reflecting better labour market conditions in the current year and a higher premium rate.
- Other revenues were up \$2.1 billion, or 11.4 per cent, largely reflecting higher interest revenues and net foreign exchange revenues, offset in part by lower net profits from enterprise Crown corporations.

Table 2

Revenues

	October			April to October		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)			(\$ millions)		
	(%)			(%)		
Tax revenues						
Income taxes						
Personal	15,918	16,996	6.8	108,479	115,559	6.5
Corporate	6,557	4,967	-24.2	47,929	39,819	-16.9
Non-resident	1,342	1,446	7.7	7,471	7,002	-6.3
Total income tax revenues	23,817	23,409	-1.7	163,879	162,380	-0.9
Other taxes and duties						
Goods and Services Tax	5,302	5,533	4.4	32,043	32,401	1.1
Energy taxes	436	378	-13.3	3,196	3,047	-4.7
Customs import duties	590	472	-20.0	3,887	3,337	-14.1
Other excise taxes and duties	439	509	15.9	3,740	4,037	7.9
Total excise taxes and duties	6,767	6,892	1.8	42,866	42,822	-0.1
Total tax revenues	30,584	30,301	-0.9	206,745	205,202	-0.7
Proceeds from the pollution pricing framework	528	693	31.3	4,088	5,192	27.0
Employment Insurance premiums	1,436	1,583	10.2	14,494	15,812	9.1
Other revenues	2,759	2,170	-21.3	18,553	20,661	11.4
Total revenues	35,307	34,747	-1.6	243,880	246,867	1.2

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses and gains in October 2023 were \$36.9 billion, up \$2.9 billion, or 8.6 per cent, from October 2022.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were up \$0.6 billion or 5.9 per cent.
 - Elderly benefits increased by \$0.4 billion, or 7.4 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 \$0.2 billion, or 12.6 per cent, reflecting a higher unemployment rate in October 2023 compared to this period last year.
 - COVID-19 income support for workers decreased \$0.3 billion, reflecting redeterminations of benefits in October 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 \$0.5 billion, or 7.1 per cent, largely due to legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, offset in part by the timing of transfers under health agreements with provinces and territories.
- Proceeds from the pollution pricing framework returned increased by \$0.8 billion, or 48.2 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, Prince Edward Island, and New Brunswick in the framework for the fuel charge. The first Climate Action Incentive payment to New Brunswick residents was issued as a double payment in October. Direct proceeds continue to be fully returned in the provinces or territories where they are generated.
- Direct program expenses were up \$1.1 billion, or 6.9 per cent. Within direct program expenses:
 - Other transfer payments decreased by \$0.3 billion, or 4.3 per cent, led by a decrease in international assistance.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$1.4 billion, or 15.6 per cent, reflecting a number of factors, including higher personnel costs, an increase in repair and maintenance expenses, and increased provisions for contingent liabilities and bad debt.

Public debt charges increased \$1.8 billion, or 73.6 per cent, largely reflecting higher interest rates, as well as higher Consumer Price Index adjustments on Real Return Bonds relative to adjustments in October 2022.

Net actuarial losses and gains, 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 23.2 per cent, largely reflecting the amortization of gains arising from actuarial valuations prepared for the *Public Accounts of Canada 2023*.

For the April to October period of 2023-24, program expenses excluding net actuarial losses were \$230.4 billion, up \$11.8 billion, or 5.4 per cent, from the same period the previous year.

- Major transfers to persons were up \$1.9 billion or 2.9 per cent.
 - Elderly benefits increased by \$4.5 billion, or 11.6 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 \$0.7 billion, or 5.9 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI.
 - COVID-19 income support for workers decreased \$2.7 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 \$0.8 billion, or 5.6 per cent, mainly reflecting the indexation of benefits to consumer prices.
- Major transfers to other levels of government were up \$3.9 billion, or 7.6 per cent, primarily reflecting 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 \$2.4 billion, or 49.2 per cent, largely reflecting an increase in the rate of the Climate Action Incentive and, starting July 2023, the inclusion of Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island in the framework for the fuel charge.
- Direct program expenses were up \$3.6 billion, or 3.7 per cent. Within direct program expenses:
 - Other transfer payments increased by \$0.7 billion, or 1.9 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 a decrease in international assistance, as well as 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.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$2.9 billion, or 4.8 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 \$7.5 billion, or 38.1 per cent, reflecting higher interest rates, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$1.3 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

	October			April to October		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	6,016	6,459	7.4	39,136	43,662	11.6
Employment Insurance benefits	1,485	1,672	12.6	12,428	11,694	-5.9
COVID-19 income support for workers ¹	3	-265	-8,933.3	243	-2,413	-1,093.0
Children's benefits	2,046	2,244	9.7	14,205	15,002	5.6
Total major transfers to persons	9,550	10,110	5.9	66,012	67,945	2.9
Major transfers to other levels of government						
Canada Health Transfer	3,767	4,118	9.3	26,371	28,829	9.3
Canada Social Transfer	1,328	1,368	3.0	9,297	9,576	3.0
Equalization	1,827	1,997	9.3	12,787	13,978	9.3
Territorial Formula Financing	310	329	6.1	3,005	3,191	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	135	-	-100.0	136	-	-100.0
Other fiscal arrangements ³	-613	-576	6.0	-4,260	-3,998	6.2
Total major transfers to other levels of government	6,754	7,236	7.1	50,689	54,548	7.6
Proceeds from the pollution pricing framework returned	1,617	2,396	48.2	4,836	7,216	49.2
Direct program expenses						
Other transfer payments ⁴	7,068	6,766	-4.3	36,073	36,752	1.9
Operating expenses	8,985	10,387	15.6	61,018	63,943	4.8
Total direct program expenses	16,053	17,153	6.9	97,091	100,695	3.7
Total program expenses, excluding net actuarial losses	33,974	36,895	8.6	218,628	230,404	5.4
Public debt charges	2,409	4,181	73.6	19,686	27,184	38.1
Total expenses, excluding net actuarial losses	36,383	41,076	12.9	238,314	257,588	8.1
Net actuarial losses	820	630	-23.2	5,740	4,410	-23.2
Total expenses	37,203	41,706	12.1	244,054	261,998	7.4

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

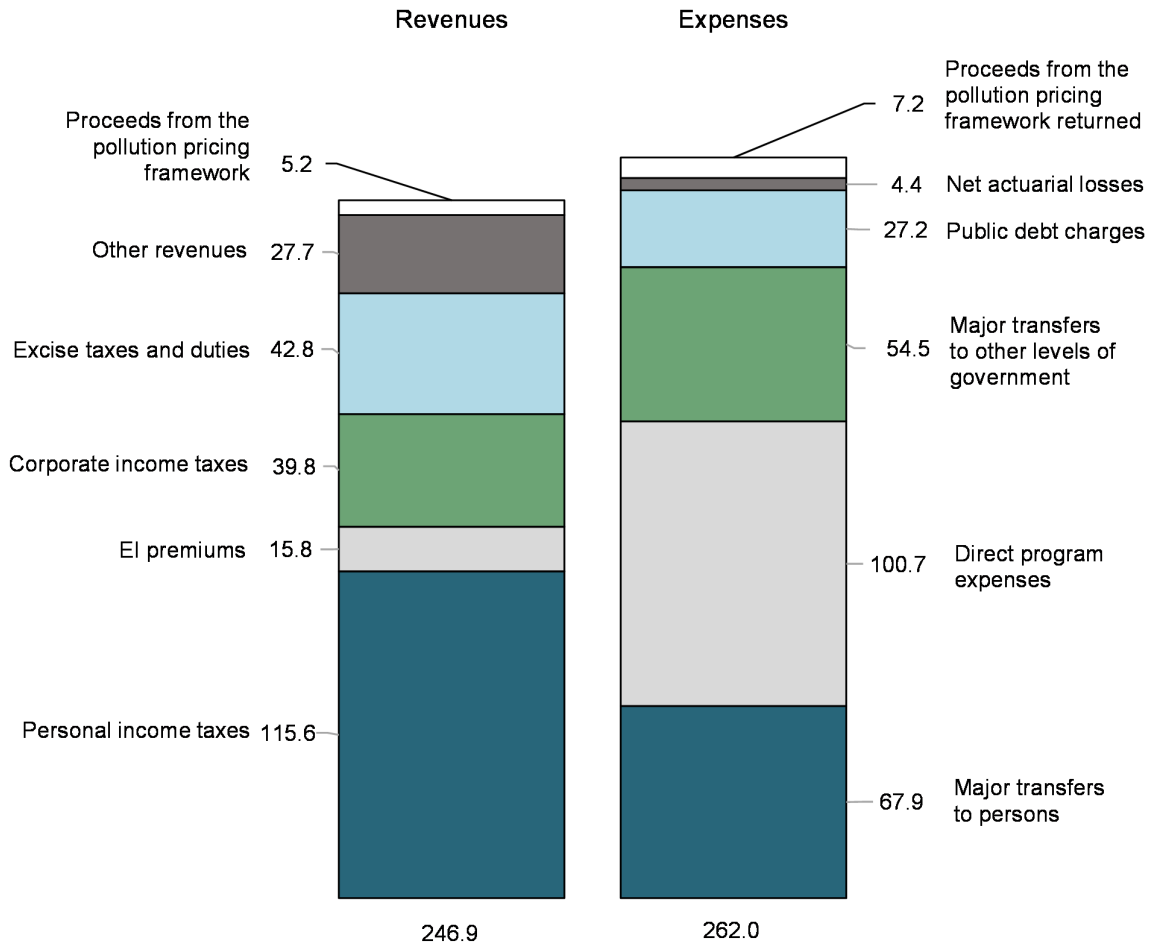
Total expenses by object of expense

	October			April to October		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	24,989	26,508	6.1	157,610	166,461	5.6
Other expenses						
Personnel, excluding net actuarial losses	5,133	5,781	12.6	36,056	37,954	5.3
Transportation and communications	239	265	10.9	1,515	1,583	4.5
Information	50	36	-28.0	184	195	6.0
Professional and special services	1,393	1,546	11.0	7,907	8,913	12.7
Rentals	339	428	26.3	2,413	2,649	9.8
Repair and maintenance	305	532	74.4	2,047	2,112	3.2
Utilities, materials and supplies	841	459	-45.4	4,373	2,662	-39.1
Other subsidies and expenses	244	896	267.2	3,465	4,770	37.7
Amortization of tangible capital assets	432	427	-1.2	2,992	3,037	1.5
Net loss on disposal of assets	9	17	88.9	66	68	3.0
Total other expenses	8,985	10,387	15.6	61,018	63,943	4.8
Total program expenses, excluding net actuarial losses	33,974	36,895	8.6	218,628	230,404	5.4
Public debt charges	2,409	4,181	73.6	19,686	27,184	38.1
Total expenses, excluding net actuarial losses	36,383	41,076	12.9	238,314	257,588	8.1
Net actuarial losses	820	630	-23.2	5,740	4,410	-23.2
Total expenses	37,203	41,706	12.1	244,054	261,998	7.4

Note: Totals may not add due to rounding.

Chart 3
Revenues and expenses (April to October 2023)

\$ billions



Note: Totals may not add due to rounding.

Financial requirement of \$47.2 billion for April to October 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 \$15.1 billion and a requirement of \$32.1 billion from non-budgetary transactions, there was a financial requirement of \$47.2 billion for the April to October 2023 period, compared to a financial requirement of \$31.2 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	October		April to October	
	2022	2023	2022-23	2023-24
Budgetary balance (deficit/surplus)	-1,896	-6,959	-174	-15,131
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	228	3,188	-16,503	-21,791
Pensions, other future benefits, and other liabilities	2,790	970	7,716	6,125
Foreign exchange accounts and derivatives	-1,462	-1,092	-14,272	-10,675
Loans, investments and advances	-725	311	-6,920	-4,443
Non-financial assets	-515	-395	-1,085	-1,321
Total non-budgetary transactions	316	2,982	-31,064	-32,105
Financial source/requirement	-1,580	-3,977	-31,238	-47,236

Note: Totals may not add due to rounding.

Net financing activities up \$58.8 billion

The government financed this financial requirement of \$47.2 billion and increased cash balances by \$11.6 billion by increasing unmatured debt by \$58.8 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills.

Cash balances at the end of October 2023 stood at \$53.4 billion, down \$41.2 billion from their level at the end of October 2022.

Table 6

Financial source/requirement and net financing activities

\$ millions

	October		April to October	
	2022	2023	2022-23	2023-24
Financial source/requirement	-1,580	-3,977	-31,238	-47,236
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	17,699	13,276	29,900	-2,599
Treasury bills	1,812	726	-1,872	55,003
Total Canadian currency borrowings	19,511	14,002	28,028	52,404
Foreign currency borrowings	-339	912	5,701	6,536
Total market debt transactions	19,172	14,914	33,729	58,940
Obligations related to capital leases and other unmaturing debt	-19	-17	-162	-150
Net change in financing activities	19,153	14,897	33,567	58,790
Change in cash balance	17,573	10,920	2,329	11,554
Cash balance at end of period			94,590	53,352

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 \$17.3 billion over the April to October 2023 period, reflecting the \$15.1-billion budgetary deficit and \$2.1 billion in net remeasurement losses.

Table 7

Condensed statement of assets and liabilities

\$ millions

	March 31, 2023	October 31, 2023	Change
Liabilities			
Accounts payable and accrued liabilities	259,440	235,353	-24,087
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	1,044,997	1,042,398	-2,599
Treasury bills	198,899	253,902	55,003
Subtotal	1,243,896	1,296,300	52,404
Payable in foreign currencies	16,034	22,570	6,536
Obligations related to capital leases and other unmaturing debt	5,110	4,960	-150
Total unmaturing debt	1,265,040	1,323,830	58,790
Pension and other liabilities			
Public sector pensions	166,425	162,861	-3,564
Other employee and veteran future benefits	177,949	188,747	10,798
Other liabilities	7,339	6,230	-1,109
Total pension and other liabilities	351,713	357,838	6,125
Total interest-bearing debt	1,616,753	1,681,668	64,915
Foreign exchange accounts liabilities	44,151	44,652	501
Derivatives ¹	4,689	3,519	-1,170
Total liabilities	1,925,033	1,965,192	40,159
Financial assets			
Cash and accounts receivable	243,520	252,779	9,259
Foreign exchange accounts assets	169,390	180,351	10,961
Derivatives ¹	3,260	224	-3,036
Loans, investments, and advances (net of allowances) ²	213,110	217,510	4,400
Public sector pension assets	12,996	12,996	-
Total financial assets	642,276	663,860	21,584
Net debt	1,282,757	1,301,332	18,575
Non-financial assets	109,744	111,065	1,321
Federal debt (accumulated deficit)	1,173,013	1,190,267	17,254

Note: Totals may not add due to rounding.

¹ October 31, 2023 net balance of derivative assets and derivative liabilities includes net remeasurement losses of \$2.1 billion resulting from the change in their fair values over the April to October 2023 period.

² October 31, 2023 amount includes \$43 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 October 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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December 2023