

The Fiscal Monitor

A Publication of the Department of Finance

Financial results for January 1996

Deficit Declines \$1.1 billion in January 1996

The deficit in January 1996 was estimated at \$1.9 billion, down \$1.1 billion from January 1995.

- The year-over-year improvement in the deficit was attributable to continued strength in budgetary revenues and restraint in program spending.
- Budgetary revenues were up 12.3 per cent, or \$1.2 billion.
 - Corporate income tax collections were up \$0.5 billion, reflecting continued strength in corporate profits;
 - Goods and Services Tax collections were up \$0.3 billion;
 - Non-tax revenues were up \$0.2 billion, due to repayments related to previous years' spending; and
 - Personal income tax collections were up \$0.2 billion, due to recoveries from the Canada Pension Plan Account for over-payments relating to taxation year 1994.

Deficit for April 1995 to January 1996 down by \$4.3 billion

Over the ten months of the fiscal year, the deficit, at \$21.0 billion, was \$4.3 billion lower than in the same period in 1994-95.

- Budgetary revenues were up \$6.0 billion or 6.0 per cent, on a year-over-year basis. This increase in collections reflected strong growth in income taxes (up 9.4 per cent), dampened by a slight decline in unemployment insurance premiums (down 1.6 per cent) and virtually no change in sales and excise tax collections (up 0.1 per cent).
- Program spending declined by \$2.9 billion or 3.2 per cent, as lower expenditures were reported among all major components with the exception of transfers to other levels of government and payments to Crown corporations.
- Public debt charges were up by \$4.5 billion, or 13.0 per cent. This increase reflects both the increase in the stock of debt and the higher interest rates from March 1995 to October 1995 over the corresponding period in 1994. However, the year-over-year increase in public debt charges has been moderating in recent months due to the general downward trend in interest rates since April 1995.

As noted in the March 1996 Budget, the deficit target for 1995-96 of \$32.7 billion is expected to be met if not bettered. Final deficit results will be released in the Annual Financial Report, scheduled for release in early fall.



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Table 1

Summary statement of financial transactions¹

	January		April to January	
	1995	1996	1994-95	1995-96
	(in millions of dollars)			
Budgetary transactions				
Revenues	9,667	10,854	99,450	105,416
Program spending	-9,033	-8,952	-90,270	-87,407
Operating balance	634	1,902	9,180	18,009
Public debt charges	-3,558	-3,761	-34,479	-38,978
Deficit	-2,924	-1,859	-25,299	-20,969
Non-budgetary transactions	2,578	2,140	2,892	5,899
Financial requirements (excluding foreign exchange transactions)	-346	281	-22,407	-15,070
Foreign exchange transactions	218	-3,872	5,154	-4,294
Financial requirements	-128	-3,591	-17,253	-19,364
Unmatured debt transactions	-1,540	-715	16,677	20,551

Note: Data compiled by the Receiver General of Canada.

¹ (+) indicates a source of funds, while (-) indicates a requirement for funds.

Table 2

Detailed statement of budgetary transactions – Revenues

	January		April to January	
	1995	1996	1994-95	1995-96
	(in millions of dollars)			
Income taxes				
Personal income tax	5,537	5,700	48,497	52,165
Corporate income tax	901	1,364	8,496	10,123
Other income tax revenue	191	226	1,444	1,631
Total income tax	6,629	7,290	58,437	63,919
Unemployment insurance contributions	1,138	1,226	15,795	15,546
Excise taxes and duties				
Goods and Services Tax	824	1,160	12,707	12,897
Customs import duties	210	157	2,926	2,337
Sales and excise taxes	589	523	5,450	5,822
Total excise taxes/duties	1,623	1,840	21,083	21,056
Total tax revenues	9,390	10,356	95,315	100,521
Non-tax revenues	277	498	4,135	4,895
Total budgetary revenues	9,667	10,854	99,450	105,416

Table 3

Detailed statement of budgetary transactions – Expenditures

	January		April to January	
	1995	1996	1994-95	1995-96
	(in millions of dollars)			
Transfer payments to:				
Persons				
Elderly benefits	1,716	1,765	17,066	17,468
Unemployment insurance benefits	1,554	1,508	12,032	10,675
Other	121	119	1,195	1,158
Total	3,391	3,392	30,293	29,301
Other levels of government				
Established Programs Financing	811	831	8,021	8,060
Fiscal transfers	622	761	7,925	8,329
Canada Assistance Plan	309	327	6,611	6,519
Total	1,742	1,919	22,557	22,908
Other				
Agricultural	114	109	667	439
Indians and Inuit	152	178	2,692	2,917
Regional development	47	95	309	417
Science and technology	88	57	1,030	964
International assistance	197	173	1,485	1,263
Other	550	520	4,745	4,167
Total	1,148	1,132	10,928	10,167
Total transfers	6,281	6,443	63,778	62,376
Payments to Crown corporations	439	402	3,747	3,780
Operating and capital expenditures				
Defence	817	811	8,158	7,742
All other departmental expenditures	1,496	1,296	14,587	13,509
Total	2,313	2,107	22,745	21,251
Total program spending	9,033	8,952	90,270	87,407
Public debt charges	3,558	3,761	34,479	38,978
Total budgetary expenditures	12,591	12,713	24,749	126,385

Table 4

Non-budgetary transactions

	January		April to January	
	1995	1996	1994-95	1995-96
	(in millions of dollars)			
Loans, investments and advances				
Crown corporations	547	398	1,273	3,408
Other	-220	28	-592	-187
Total	327	426	681	3,221
Specified purpose accounts				
Canada Pension Plan Account	-302	-655	-17	-814
Superannuation accounts	-117	-150	5,933	6,071
Other	20	76	137	203
Total	-399	-729	6,053	5,460
Other transactions	2,650	2,443	-3,842	-2,782
Total non-budgetary transactions	2,578	2,140	2,892	5,899

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Table 5

Foreign exchange and unmatured debt transactions

	January		April to January	
	1995	1996	1994-95	1995-96
	(in millions of dollars)			
Foreign exchange transactions				
Net international reserves	-3,004	-3,792	-762	-2,504
Unmatured debt transactions payable in foreign currencies	3,222	-80	5,916	-1,790
Total	218	-3,872	5,154	-4,294
Unmatured debt transactions				
Marketable bonds		2,100	25,630	29,656
Canada Savings Bonds	-341	-354	1,839	619
Treasury bills	-1,300	-2,500	-7,750	-6,850
Other	3,222	-147	3,136	-4,489
Subtotal	1,581	-901	22,855	18,936
<i>Less:</i>				
Government's holding of unmatured debt	101	106	-262	-175
Unmatured debt transactions payable in foreign currencies	-3,222	80	-5,916	1,790
Subtotal	-3,121	186	-6,178	1,615
Total unmatured debt transactions payable in Canadian dollars	-1,540	-715	16,677	20,551

Table 6

Cash, unmatured debt and debt balances

	at January 31	
	1995	1996
	(in millions of dollars)	
Cash balances at end of period		
In Canadian dollars	1,509	3,032
In foreign currencies	54	47
Total cash balance	1,563	3,079
Unmatured debt balance		
Payable in Canadian dollars		
Marketable bonds	226,302	252,180
Canada Savings Bonds	33,170	32,005
Treasury bills	158,250	157,600
Other	3,491	4,011
Subtotal	421,213	445,796
<i>Less:</i>		
Government's holdings of unmatured debt	1,228	1,169
Total	419,985	444,627
Payable in foreign currencies		
Marketable bonds	7,792	11,097
Notes and loans	0	0
Canada bills	8,792	4,034
Subtotal	16,584	15,131
<i>Less:</i>		
Government's holdings of unmatured debt	0	0
Total unmatured debt	436,569	459,758