

# The Fiscal Monitor

A Publication of the Department of Finance

## Financial results for April 1996

### Deficit declines \$1.3 billion in April 1996

The deficit in April 1996 was estimated at \$4.1 billion, down \$1.3 billion from April 1995. Most of the year-over-year decline in the deficit was attributable to higher revenues, up \$1.1 billion, or 16.2 per cent. In addition, both program spending and public debt charges were lower than in April 1995.

- The increase in budgetary revenues was primarily due to a \$0.7 billion increase in personal income tax collections. Most of this increase was due to the timing of the receipt of taxes paid relating to taxation year 1995. The filing date for taxation year 1995 was April 30, 1996 whereas for taxation year 1994, it was May 1, 1995.
- Net GST collections were up \$0.3 billion in April 1996 over April 1995. However, net collections in the month were a negative \$16 million. Net collections are the lowest in April of each year. This is largely due to the fact that most GST collections are due at the end of each month but normally not deposited in the government's bank accounts until the first few days of the following month. During the course of the year, these monies are reported in the month in which they are received. However, the monies remitted with respect to March, but not received until April, are credited to the previous fiscal year, thereby dampening overall collections in April. In addition, the low-income GST credit is paid in April, thereby further dampening net collections in that month.

- Employment insurance premiums were down by \$0.1 billion, reflecting the decline in premium rates and the maximum earnings base to which premiums are applied.

Program spending declined by \$0.1 billion, or 0.9 per cent. Declines were recorded in transfers to other levels of government, expenditures on Crown corporations and in defence. These reductions reflect actions taken in previous budgets. Dampening the impact of these declines were increased spending on elderly and employment insurance benefits, other transfers and in all other non-defence departmental spending. With the exception of the increase in elderly benefits (due to an increase in the population base and higher average monthly benefits), the increases in the other components primarily reflect timing factors, which should be reversed in coming months.

Public debt charges were down \$0.1 billion, or 3 per cent, in April 1996 compared to April 1995. This decline reflects the impact of lower interest rates, witnessed since April 1995. Sluggish economic growth, low inflation and fiscal restraint by all levels of government have put downward pressure on rates, especially short-term interest rates.



# The Fiscal Monitor

Table 1

## Summary statement of financial transactions<sup>1</sup>

	April	
	1995	1996
	(in millions of dollars)	
<b>Budgetary transactions</b>		
Revenues	6,588	7,653
Program spending	-8,045	-7,971
Operating balance	-1,457	-318
Public debt charges	-3,855	-3,741
Deficit	-5,312	-4,059
<b>Non-budgetary transactions</b>	-255	-328
<b>Financial requirements (excluding foreign exchange transactions)</b>	-5,567	-4,387
<b>Foreign exchange transactions</b>	-4,553	-1,334
<b>Financial requirements</b>	-10,120	-5,721
<b>Unmatured debt transactions</b>	8,732	-921

Note: Data compiled by the Receiver General of Canada.

<sup>1</sup> (+) indicates a source of funds, while (-) indicates a requirement for funds.

Table 2

## Detailed statement of budgetary transactions – Revenues

	April	
	1995	1996
	(in millions of dollars)	
<b>Income taxes</b>		
Personal income tax	3,830	4,528
Corporate income tax	503	550
Other income tax revenue	158	126
Total income tax	4,491	5,204
<b>Employment insurance contributions</b>	1,602	1,488
<b>Excise taxes and duties</b>		
Goods and Services Tax	-347	-16
Customs import duties	174	94
Sales and excise taxes	346	375
Total excise taxes/duties	173	453
<b>Total tax revenues</b>	6,266	7,145
<b>Non-tax revenues</b>	322	508
<b>Total budgetary revenues</b>	6,588	7,653

Table 3

**Detailed statement of budgetary transactions – Expenditures**

	April	
	1995	1996
	(in millions of dollars)	
<b>Transfer payments to:</b>		
Persons		
Elderly benefits	1,655	1,705
Employment insurance benefits	1,137	1,283
Other	112	109
Total	2,904	3,097
Other levels of government		
Canada Health and Social Transfer	1,621	1,254
Fiscal transfers	1,002	977
Alternative payments for standing programs	-163	-167
Total	2,460	2,064
Other		
Agricultural	9	
Indians and Inuit	644	693
Regional development		
Science and technology	52	50
International assistance	93	82
Other	225	290
Total	1,023	1,115
Total transfers	6,387	6,276
<b>Payments to Crown corporations</b>	489	399
<b>Operating and capital expenditures</b>		
Defence	398	392
All other departmental expenditures	771	904
Total	1,169	1,296
<b>Total program spending</b>	8,045	7,971
<b>Public debt charges</b>	3,855	3,741
<b>Total budgetary expenditures</b>	11,900	11,712

Table 4

**Non-budgetary transactions**

	April	
	1995	1996
	(in millions of dollars)	
<b>Loans, investments and advances</b>		
Crown corporations	18	58
Other	-354	-37
Total	-336	21
<b>Specified purpose accounts</b>		
Canada Pension Plan Account	557	532
Superannuation accounts	-143	-163
Other	37	-72
Total	451	297
<b>Other transactions</b>	-370	-646
<b>Total non-budgetary transactions</b>	-255	-328

# The Fiscal Monitor

Table 5

## Foreign exchange and unmatured debt transactions

	Avril	
	1995	1996
	(in millions of dollars)	
<b>Foreign exchange transactions</b>		
Net international reserves	-3,092	-1,906
Unmatured debt transactions payable in foreign currencies	-1,461	572
<b>Total</b>	<b>-4,553</b>	<b>-1,334</b>
<b>Unmatured debt transactions</b>		
Marketable bonds	3,050	2,800
Canada Savings Bonds	-452	-270
Treasury bills	6,000	-3,600
Other	-1,462	571
<b>Subtotal</b>	<b>7,136</b>	<b>-499</b>
<i>Less:</i>		
Government's holding of unmatured debt	135	150
Unmatured debt transactions payable in foreign currencies	1,461	-572
<b>Subtotal</b>	<b>1,596</b>	<b>-422</b>
<b>Total unmatured debt transactions payable in Canadian dollars</b>	<b>8,732</b>	<b>-921</b>

Table 6

## Cash, unmatured debt and debt balances

	at April 30	
	1995	1996
	(in millions of dollars)	
<b>Cash balances at end of period</b>		
In Canadian dollars	537	1,896
In foreign currencies	173	20
<b>Total cash balance</b>	<b>710</b>	<b>1,916</b>
<b>Unmatured debt balance</b>		
Payable in Canadian dollars		
Marketable bonds	228,690	255,565
Canada Savings Bonds	31,035	31,158
Treasury bills	170,450	162,500
Other	3,487	3,477
<b>Subtotal</b>	<b>433,662</b>	<b>452,700</b>
<i>Less:</i>		
Government's holdings of unmatured debt	855	802
<b>Total</b>	<b>432,807</b>	<b>451,898</b>
Payable in foreign currencies		
Marketable bonds	7,793	9,501
Notes and loans	0	611
Canada bills	7,585	6,947
<b>Subtotal</b>	<b>15,378</b>	<b>17,059</b>
<i>Less:</i>		
Government's holdings of unmatured debt	0	0
<b>Total unmatured debt</b>	<b>448,185</b>	<b>468,957</b>

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July 1996

