



Department of Finance
Canada

Ministère des Finances
Canada



THE FISCAL MONITOR

A publication of the Department of Finance

Financial Results for June 2023

Canada 

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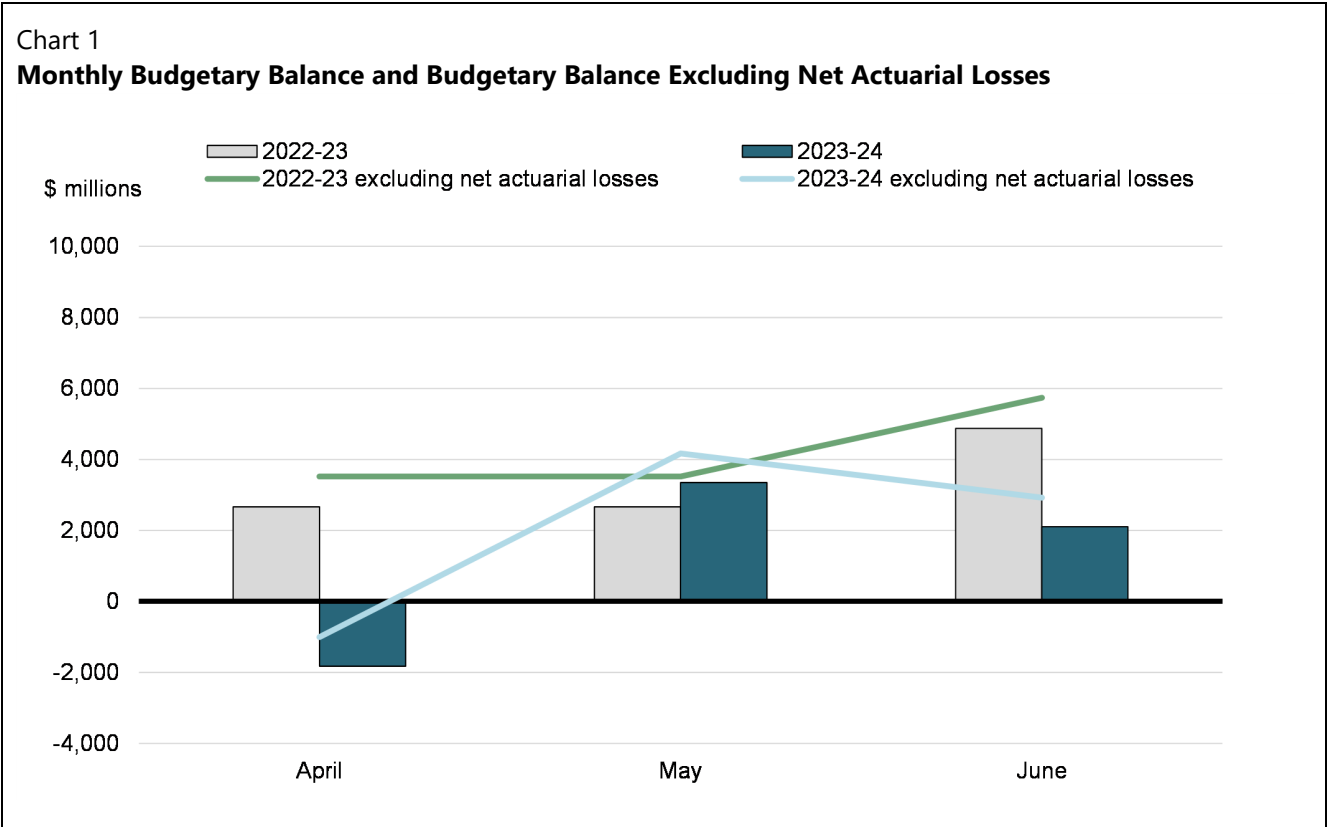
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Highlights

June 2023

There was a budgetary surplus of \$2.1 billion in June 2023, compared to a surplus of \$4.9 billion in June 2022. The budgetary surplus before net actuarial losses was \$2.9 billion, compared to a surplus of \$5.7 billion in the same period of 2022-23. 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 June 2022:

- Revenues increased by \$1.4 billion, or 3.9 per cent, largely reflecting higher personal income tax revenue and non-tax revenue.
- Program expenses excluding net actuarial losses were up \$2.9 billion, or 10.3 per cent, driven by increases in direct program expenses and most other expense categories, offset in part by lower Employment Insurance (EI) benefits and COVID-19 benefit redeterminations.
- Public debt charges were up \$1.3 billion, or 54.6 per cent, primarily reflecting higher interest rates.
- Net actuarial losses were down \$40 million, or 4.7 per cent.

April to June 2023

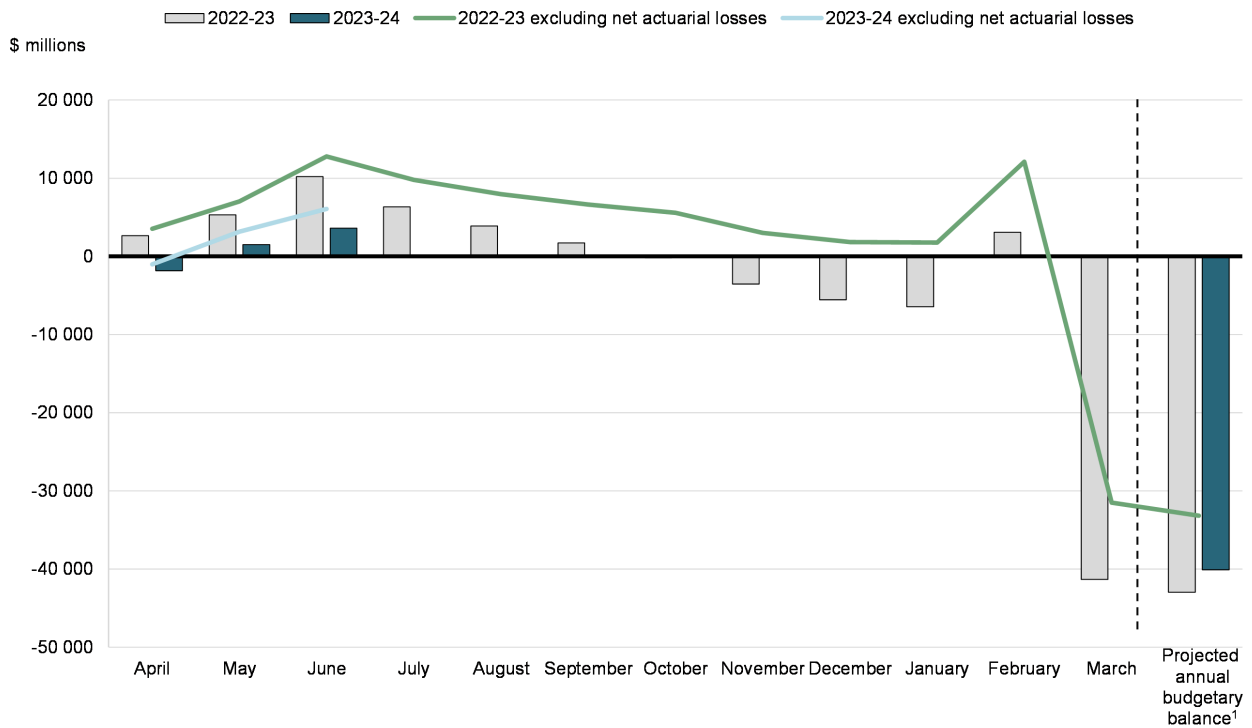
The government posted a budgetary surplus of \$3.6 billion for the April to June period of the 2023-24 fiscal year, compared to a surplus of \$10.2 billion reported for the same period of 2022-23. The budgetary surplus before net actuarial losses was \$6.1 billion, compared to a surplus of \$12.8 billion in the April to June period of 2022-23.

Compared to 2022-23:

- Revenues were up \$2.7 billion, or 2.5 per cent, largely reflecting higher personal income tax revenue, interest revenues and EI premium revenues.
- Program expenses excluding net actuarial losses were up \$6.8 billion, or 7.8 per cent, largely reflecting increases in direct program expenses, proceeds from the pollution pricing framework returned, and transfers to other levels of government.
- Public debt charges increased by \$2.6 billion, or 32.4 per cent, driven by higher interest on treasury bills and marketable bonds, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.
- Net actuarial losses decreased by \$0.1 billion, or 4.7 per cent.

Chart 2

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



¹Source: Budget 2023.

Table 1

Summary statement of transactions

\$ millions

	June		April to June	
	2022	2023	2022-23	2023-24
Budgetary transactions				
Revenues	36,217	37,617	107,879	110,579
Expenses				
Program expenses, excluding net actuarial losses	-28,038	-30,917	-87,030	-93,809
Public debt charges	-2,442	-3,775	-8,069	-10,686
Budgetary balance, excluding net actuarial losses	5,737	2,925	12,780	6,084
Net actuarial losses	-860	-820	-2,580	-2,460
Budgetary balance (deficit/surplus)	4,877	2,105	10,200	3,624
Non-budgetary transactions	-4,589	-11,490	-19,531	-33,045
Financial source/requirement	288	-9,385	-9,331	-29,421
Net change in financing activities	-7,603	-6,116	13,546	31,767
Net change in cash balances	-7,315	-15,501	4,215	2,346
Cash balance at end of period			96,477	44,143

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

Revenues

Revenues in June 2023 totalled \$37.6 billion, up \$1.4 billion, or 3.9 per cent, from June 2022.

- Tax revenues increased by \$24 million, or 0.1 per cent, as gains in personal income tax revenues offset declines in corporate and non-resident income tax revenues.
- Proceeds from the pollution pricing framework were up \$0.2 billion, or 36.7 per cent, reflecting higher carbon pollution pricing in 2023.
- EI premium revenues were up \$0.2 billion, or 9.6 per cent, reflecting a higher premium rate and better labour market conditions.
- Other revenues were up \$0.9 billion, or 36.1 per cent, reflecting higher interest revenues and net foreign exchange revenues, partially offset by 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 June period of 2023-24 totalled \$110.6 billion, up \$2.7 billion, or 2.5 per cent, from the same period in 2022-23.

- Tax revenues increased by \$0.2 billion, or 0.2 per cent, compared to the same period in 2022-23, as growth in personal income tax revenue offset declines in corporate and non-resident income tax revenues.
- Proceeds from the pollution pricing framework were up \$0.4 billion, or 18.4 per cent, reflecting higher carbon pollution pricing in 2023.
- EI premium revenues were up \$0.6 billion, or 7.9 per cent, reflecting better labour market conditions.
- Other revenues were up \$1.5 billion, or 19.1 per cent, largely reflecting higher interest revenues and net foreign exchange revenues, offset in part by Bank of Canada losses.

Table 2

Revenues

	June			April to June		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Tax revenues						
Income taxes						
Personal	15,105	16,601	9.9	46,203	49,284	6.7
Corporate	8,565	7,414	-13.4	22,649	20,210	-10.8
Non-resident	1,150	897	-22.0	3,175	3,117	-1.8
Total income tax revenues	24,820	24,912	0.4	72,027	72,611	0.8
Other taxes and duties						
Goods and Services Tax	4,487	4,231	-5.7	14,147	13,641	-3.6
Energy taxes	445	432	-2.9	1,210	1,164	-3.8
Customs import duties	495	523	5.7	1,584	1,425	-10.0
Other excise taxes and duties	445	618	38.9	1,391	1,733	24.6
Total excise taxes and duties	5,872	5,804	-1.2	18,332	17,963	-2.0
Total tax revenues	30,692	30,716	0.1	90,359	90,574	0.2
Proceeds from the pollution pricing framework	619	846	36.7	1,978	2,341	18.4
Employment Insurance premiums	2,352	2,578	9.6	7,537	8,134	7.9
Other revenues	2,554	3,477	36.1	8,005	9,530	19.1
Total revenues	36,217	37,617	3.9	107,879	110,579	2.5

Note: Totals may not add due to rounding.

Expenses

Program expenses excluding net actuarial losses in June 2023 were \$30.9 billion, up \$2.9 billion, or 10.3 per cent, from June 2022.

- Major transfers to persons, consisting of elderly benefits, EI benefits, COVID-19 income support for workers, and children's benefits, were up \$0.3 billion or 2.7 per cent.
 - Elderly benefits increased by \$0.9 billion, or 17.4 per cent, largely 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 \$0.5 billion, or 24.8 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI.
 - COVID-19 income support for workers decreased \$0.2 billion, primarily reflecting redeterminations of benefits in June 2023.
 - Children's benefits were up \$0.1 billion, or 3.0 per cent.
- Major transfers to other levels of government were up \$0.5 billion, or 7.7 per cent, mainly 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 \$0.3 billion, reflecting the change in the delivery of the Climate Action Incentive, from annually on personal income tax returns to a quarterly benefit. Direct proceeds will continue to be fully returned in the provinces or territories where they are generated.

- Direct program expenses were up \$1.8 billion, or 15.3 per cent. Within direct program expenses:
 - Other transfer payments increased by \$0.8 billion, or 23.5 per cent, largely reflecting year-over-year differences in provisions for contingent liabilities.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$1.0 billion, or 11.8 per cent, reflecting a number of factors, including an increase in personnel expenses and year-over-year differences in provisions for bad debt.

Public debt charges increased \$1.3 billion, or 54.6 per cent, primarily 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 \$40 million, or 4.7 per cent.

For the April to June period of 2023-24, program expenses excluding net actuarial losses were \$93.8 billion, up \$6.8 billion, or 7.8 per cent, from the same period the previous year.

- Major transfers to persons were up \$0.3 billion or 1.1 per cent.
 - Elderly benefits increased by \$2.5 billion, or 16.0 per cent, largely reflecting changes in consumer prices to which benefits are fully indexed, and growth in the number of recipients. 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 16.6 per cent, largely reflecting the expiry of temporary pandemic-related measures to facilitate access to EI.
 - COVID-19 income support for workers decreased \$1.3 billion, due to the wind-down of these benefits in the prior year, and redeterminations of benefits in the current year.
 - Children's benefits were up \$0.1 billion, or 0.8 per cent.
- Major transfers to other levels of government were up \$1.6 billion, or 7.6 per cent, mainly 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 \$2.3 billion, 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 up \$2.5 billion, or 6.7 per cent. Within direct program expenses:
 - Other transfer payments increased by \$0.7 billion, or 5.2 per cent, reflecting a number of factors including higher payments with respect to Indigenous Peoples, 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.
 - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by \$1.8 billion, or 7.5 per cent, reflecting in large part higher personnel expenses and bad debt expense.

Public debt charges increased by \$2.6 billion, or 32.4 per cent, driven by higher interest on treasury bills and marketable bonds, offset in part by lower Consumer Price Index adjustments on Real Return Bonds.

Net actuarial losses decreased by \$0.1 billion, or 4.7 per cent.

Table 3

Expenses

	June			April to June		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Major transfers to persons						
Elderly benefits	5,268	6,187	17.4	15,908	18,447	16.0
Employment Insurance benefits	1,965	1,478	-24.8	5,599	4,670	-16.6
COVID-19 income support for workers ¹	28	-214	-864.3	229	-1,116	-587.3
Children's benefits	2,035	2,097	3.0	6,176	6,227	0.8
Total major transfers to persons	9,296	9,548	2.7	27,912	28,228	1.1
Major transfers to other levels of government						
Canada Health Transfer	3,767	4,118	9.3	11,302	12,355	9.3
Canada Social Transfer	1,328	1,368	3.0	3,985	4,104	3.0
Equalization	1,827	1,997	9.3	5,480	5,990	9.3
Territorial Formula Financing	310	329	6.1	1,766	1,876	6.2
Canada-wide early learning and child care	-	-	n/a	-	-	n/a
Canada Community-Building Fund	-	-	n/a	-	-	n/a
Health agreements with provinces/territories ²	-	-	n/a	1	-	-100.0
Other fiscal arrangements ³	-521	-587	-12.7	-1,582	-1,777	-12.3
Total major transfers to other levels of government	6,711	7,225	7.7	20,952	22,548	7.6
Proceeds from the pollution pricing framework returned	45	328	628.9	124	2,451	1,876.6
Direct program expenses						
Other transfer payments ⁴	3,525	4,355	23.5	13,989	14,716	5.2
Operating expenses	8,461	9,461	11.8	24,053	25,866	7.5
Total direct program expenses	11,986	13,816	15.3	38,042	40,582	6.7
Total program expenses, excluding net actuarial losses	28,038	30,917	10.3	87,030	93,809	7.8
Public debt charges	2,442	3,775	54.6	8,069	10,686	32.4
Total expenses, excluding net actuarial losses	30,480	34,692	13.8	95,099	104,495	9.9
Net actuarial losses	860	820	-4.7	2,580	2,460	-4.7
Total expenses	31,340	35,512	13.3	97,679	106,955	9.5

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

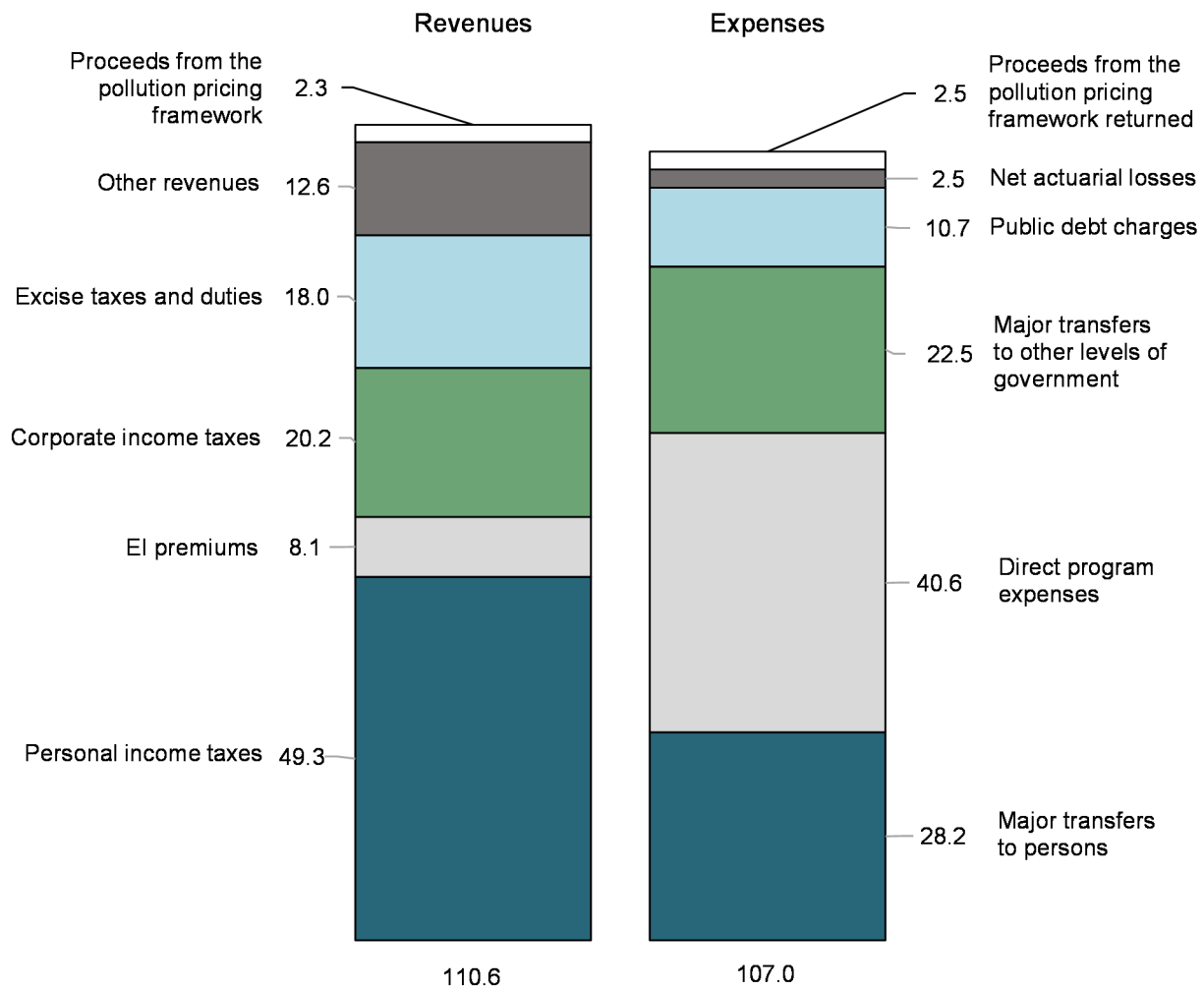
Total expenses by object of expense

	June			April to June		
	2022	2023	Change	2022-23	2023-24	Change
	(\$ millions)		(%)	(\$ millions)		(%)
Transfer payments	19,577	21,456	9.6	62,977	67,943	7.9
Other expenses						
Personnel, excluding net actuarial losses	5,097	5,578	9.4	14,739	15,967	8.3
Transportation and communications	249	282	13.3	501	578	15.4
Information	31	23	-25.8	64	59	-7.8
Professional and special services	1,312	1,435	9.4	2,598	2,754	6.0
Rentals	292	332	13.7	1,036	1,147	10.7
Repair and maintenance	264	296	12.1	572	607	6.1
Utilities, materials and supplies	501	497	-0.8	1,246	1,010	-18.9
Other subsidies and expenses	280	576	105.7	1,991	2,418	21.4
Amortization of tangible capital assets	427	433	1.4	1,278	1,304	2.0
Net loss on disposal of assets	8	9	12.5	28	22	-21.4
Total other expenses	8,461	9,461	11.8	24,053	25,866	7.5
Total program expenses, excluding net actuarial losses	28,038	30,917	10.3	87,030	93,809	7.8
Public debt charges	2,442	3,775	54.6	8,069	10,686	32.4
Total expenses, excluding net actuarial losses	30,480	34,692	13.8	95,099	104,495	9.9
Net actuarial losses	860	820	-4.7	2,580	2,460	-4.7
Total expenses	31,340	35,512	13.3	97,679	106,955	9.5

Note: Totals may not add due to rounding.

Chart 3
Revenues and expenses (April to June 2023)

\$ billions



Note: Totals may not add due to rounding.

Financial requirement of \$29.4 billion for April to June 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 surplus of \$3.6 billion and a requirement of \$33.0 billion from non-budgetary transactions, there was a financial requirement of \$29.4 billion for the April to June 2023 period, compared to a financial requirement of \$9.3 billion for the same period of the previous year.

Table 5

The budgetary balance and financial source/requirement

\$ millions

	June		April to June	
	2022	2023	2022-23	2023-24
Budgetary balance (deficit/surplus)	4,877	2,105	10,200	3,624
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable ¹	-4,209	-10,650	-8,617	-25,335
Pensions, other future benefits, and other liabilities	563	1,069	1,403	2,739
Foreign exchange accounts and derivatives ¹	-537	-784	-9,137	-8,351
Loans, investments and advances	-167	-914	-3,082	-2,092
Non-financial assets	-239	-211	-98	-6
Total non-budgetary transactions	-4,589	-11,490	-19,531	-33,045
Financial source/requirement	288	-9,385	-9,331	-29,421

Note: Totals may not add due to rounding.

¹ Year-to-date results have been adjusted by \$375 million to reclassify prior months' non-budgetary transactions related to foreign exchange accounts liabilities from Accounts payable, accrued liabilities and accounts receivable to Foreign exchange accounts and derivatives.

Net financing activities up \$31.8 billion

The government financed this financial requirement of \$29.4 billion and increased cash balances by \$2.3 billion by increasing unmatured debt by \$31.8 billion. The increase in unmatured debt was achieved primarily through the issuance of treasury bills.

Cash balances at the end of June 2023 stood at \$44.1 billion, down \$52.3 billion from their level at the end of June 2022.

Table 6

Financial source/requirement and net financing activities

\$ millions

	June		April to June	
	2022	2023	2022-23	2023-24
Financial source/requirement	288	-9,385	-9,331	-29,421
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	-2,563	-3,346	16,215	-413
Treasury bills	-4,161	-2,676	-7,846	25,650
Total Canadian currency borrowings	-6,724	-6,022	8,369	25,237
Foreign currency borrowings	-852	-75	5,269	6,599
Total market debt transactions	-7,576	-6,097	13,638	31,836
Obligations related to capital leases and other unmaturing debt	-27	-19	-92	-69
Net change in financing activities	-7,603	-6,116	13,546	31,767
Change in cash balance	-7,315	-15,501	4,215	2,346
Cash balance at end of period			96,477	44,143

Note: Totals may not add due to rounding.

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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