

Government finance statistics, first quarter 2023

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Canadian general government records a surplus despite federal and provincial–territorial government deficits

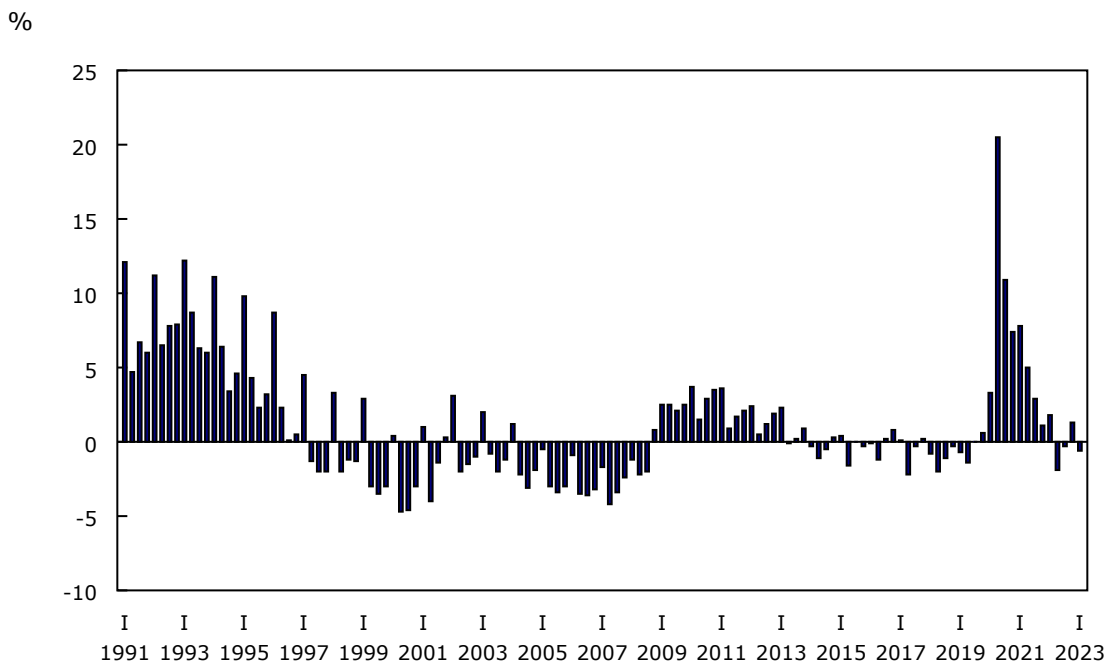
Canadian general government recorded a surplus of \$4.2 billion in the first quarter. Excluding social security funds (Canada Pension Plan and Quebec Pension Plan), the general government posted a deficit of \$12.8 billion, mainly due to federal and provincial–territorial governments.

The net operating balance is the difference between revenues and expenses for a given period and is a summary measure of the sustainability of government operations. When revenues are lower than expenses, a deficit is recorded, while the reverse induces a surplus.

In the first quarter of 2023, the Canadian general government net operating balance improved by \$15.9 billion from the first quarter of 2022, led by a strong revenue growth (+\$19.0 billion). Year over year, federal government deficit decreased from \$15.4 billion to \$7.8 billion in the first quarter of 2023, while provincial and territorial governments deficit decreased slightly to \$9.6 billion (-\$0.3 billion).

Canadian general government net operating balance as a percentage of nominal gross domestic product (GDP) remained within the range of -2.0% to +2.0% of GDP over the previous six quarters. In the first quarter of 2023, Canadian general government's surplus was 0.6% of GDP, while federal government deficit-to-GDP ratio was 1.2% and provincial–territorial governments posted a 1.4% deficit-to-GDP ratio.

Chart 1
Canadian general government deficit as a percentage of gross domestic product



Source(s): Tables [10-10-0015-01](#) and [36-10-0104-01](#).

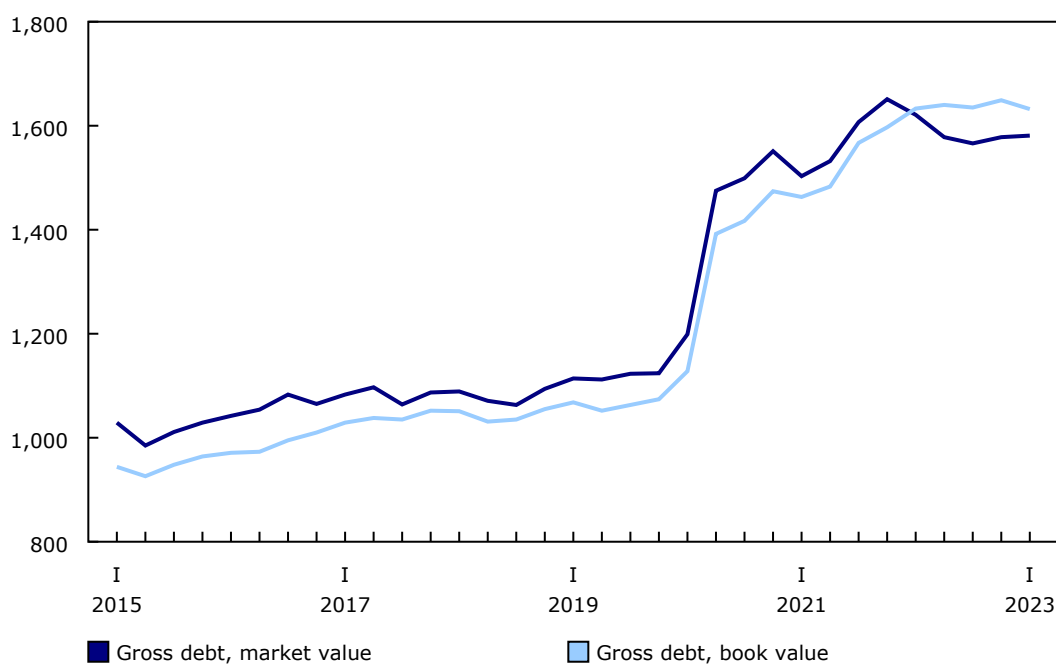
Federal government annual deficit decreases

Over the previous four quarters, the federal government deficit decreased by \$54.8 billion compared with the same period a year earlier to stand at \$27.2 billion. Both an increase in revenue (+\$25.2 billion), driven by nominal GDP growth (+8.7%), and a decrease in expense (-\$29.6 billion) contributed to the deficit reduction. Although total federal government expenses decreased, its interest expenses increased by \$8.3 billion as interest rates rose sharply.

Gross debt of federal government, defined as total liabilities at market prices, decreased by \$40.0 billion in the first quarter of 2023 compared with the first quarter of 2022 and stood at \$1,580.6 billion. The decrease in gross debt was due to the market revaluation of federal government debt securities, whose values went down following the rise in interest rates.

Chart 2 Federal government gross debt

billions of dollars



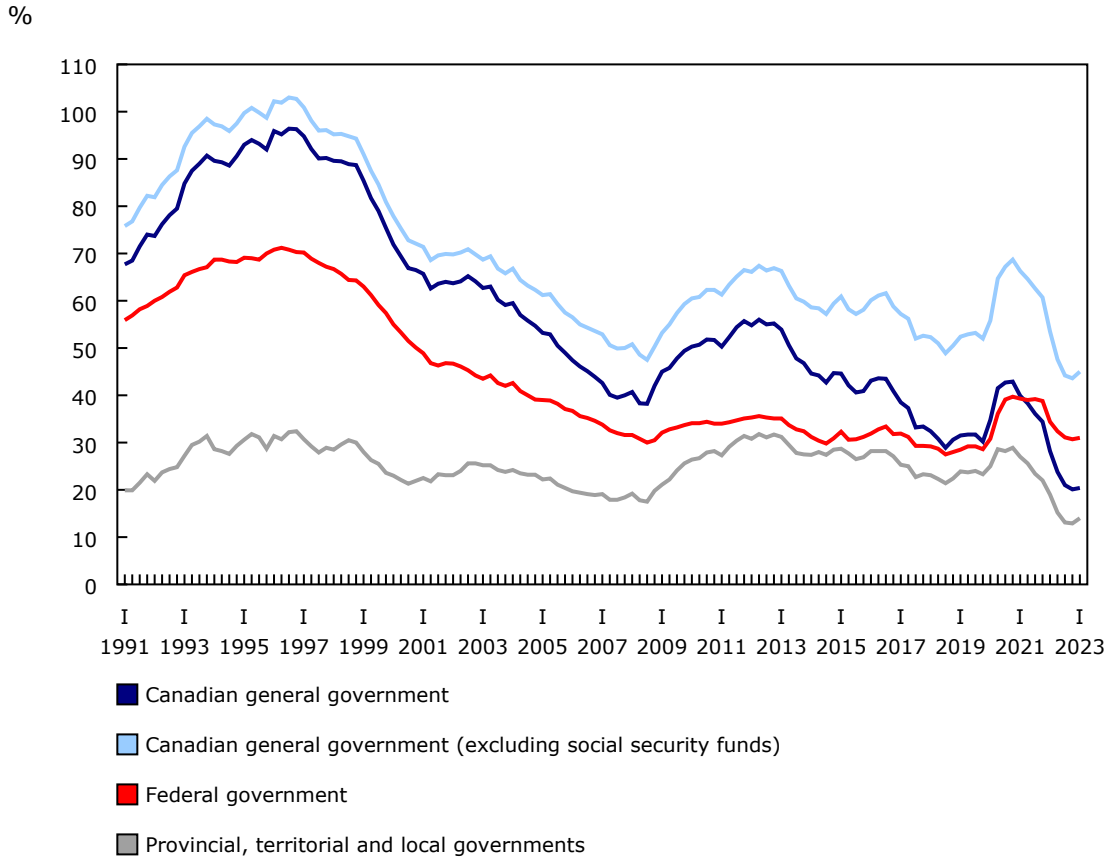
Source(s): Tables [10-10-0015-01](#) and [36-10-0580-01](#).

Net debt to gross domestic product slightly increases

In the first quarter of 2023, Canadian general government net debt, defined as total liabilities minus total financial assets, increased by \$12.7 billion from a record low in the fourth quarter of 2022 and stood at \$573.2 billion at the end of the first quarter of 2023. In the first quarter, the increase in the value of assets (+\$14.3 billion) was offset by the increase in the value of liabilities (+\$27.1 billion), mainly due to market revaluation of debt securities.

After consecutive declines of the net debt-to-GDP ratio that began in the second quarter of 2021, the ratio increased slightly to 20.4% in the first quarter of 2023. Excluding social security funds, whose assets are earmarked for the payment of future benefits, the net debt-to-GDP ratio was 45.0% in the first quarter, up from the previous quarter (43.6%).

Chart 3
Net debt as a percentage of gross domestic product by government subsector



Source(s): Tables [10-10-0015-01](#) and [36-10-0104-01](#).

Note to readers

Quarterly financial data for the Canadian general government and its subsectors from the first quarter of 1990 to the first quarter of 2023 are now available. These subsectors include the federal government, provincial and territorial governments, local governments and the Canada and Quebec Pension Plans.

Government Finance Statistics (GFS) presents fiscal statistics using the standard developed by the International Monetary Fund. This standard allows consistent aggregation and analysis between participating countries.

Currently, GFS quarterly data are derived by mapping Canada's System of National Accounts data to GFS standards and conventions.

This release of GFS includes revised data from the first quarter of 1990 to the fourth quarter of 2022.

Next release

Data on the Canadian government finances statistics for the second quarter will be released on September 25.

Available tables: table [10-10-0015-01](#).

Definitions, data sources and methods: survey number [5174](#).

Additional information can be found in the *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)). The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is also available. This publication has been updated with [Chapter 9. Government Finance Statistics](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).