

# Government finance statistics, second quarter 2024

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## Canadian general government posts surplus

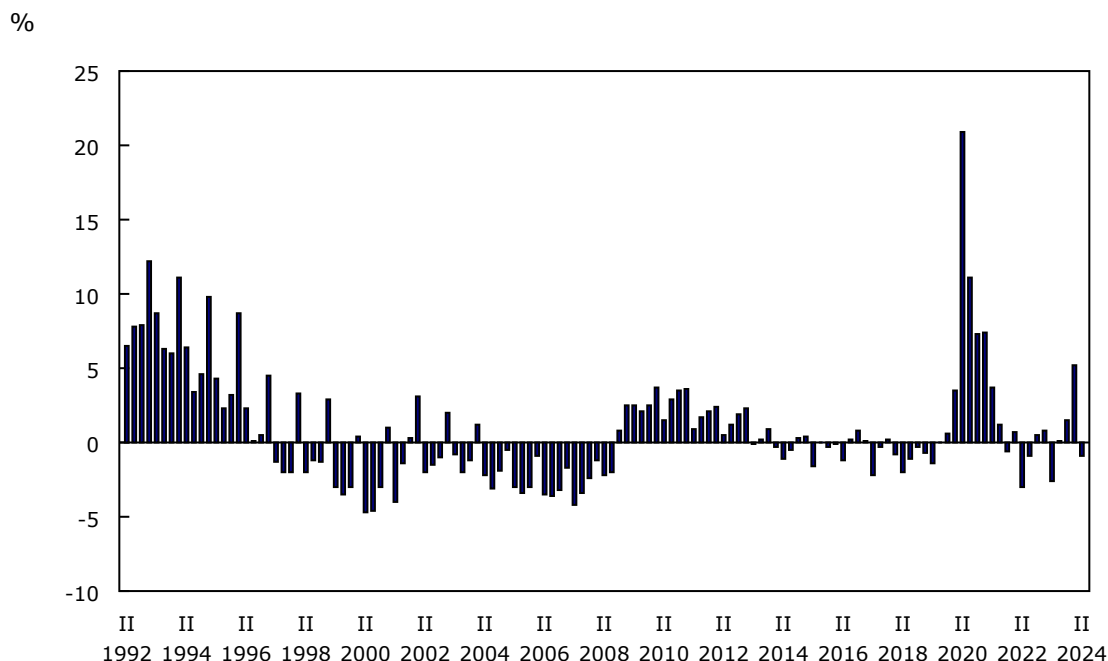
The Canadian general government recorded a surplus of \$6.9 billion in the second quarter. However, excluding the surplus for social security funds (Canada Pension Plan and Québec Pension Plan), the Canadian general government reflected a \$7.4 billion deficit. Social security funds receive the highest levels of contributions in the first and second quarters of each calendar year.

In the second quarter, the federal government posted a slight surplus (\$0.6 billion), following a significant deficit in the first quarter (\$43.6 billion, revised). The revision of the deficit for the first quarter was driven by the [final settlement agreement for First Nations Child and Family Services](#), which increased the federal government expenses by \$23.3 billion.

Meanwhile, the provincial and territorial governments posted a deficit of \$4.3 billion in the second quarter, a larger deficit when compared with the same quarter last year (\$1.2 billion). Social security funds recorded a surplus of \$14.4 billion, 1.9% more compared with one year earlier.

As a percentage of nominal gross domestic product (GDP), the Canadian general government posted a surplus of 0.9% in the second quarter. The federal government surplus was 0.1% of GDP (compared with 0.8% one year ago), while provincial and territorial governments reported a deficit equivalent to 0.6% of GDP, larger than the 0.2% recorded one year earlier.

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



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

## Federal government surplus decreases due to increase in spending

In the second quarter, the federal government surplus decreased by \$5.1 billion from the same quarter one year ago. Expenses grew by 10.8%, outpacing growth in revenue (+5.8%). Rising expenses in the second quarter were mainly explained by higher social benefits and interest expenses.

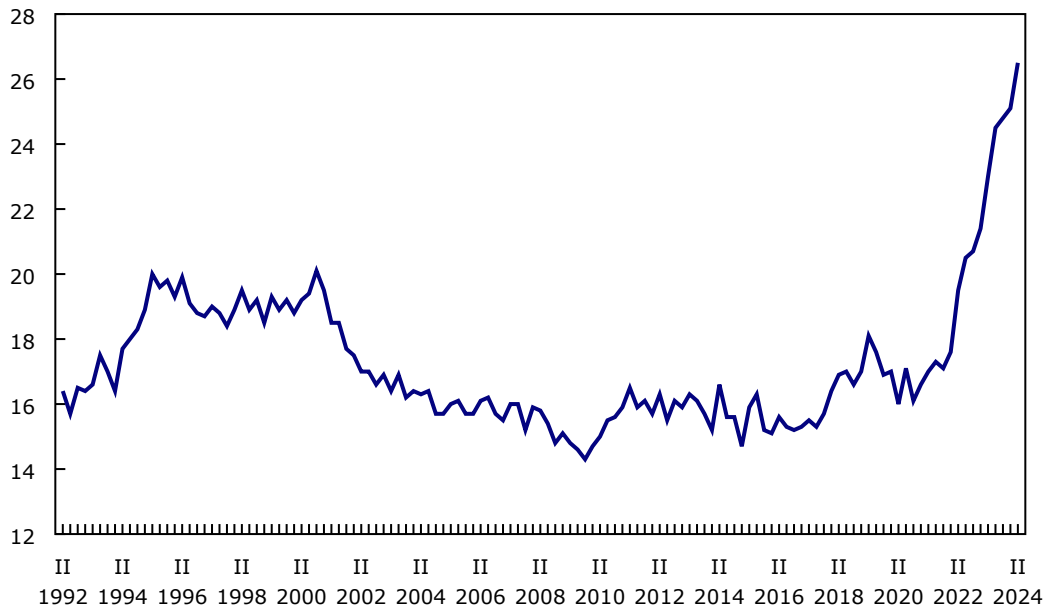
Overall, social benefits increased by \$5.6 billion (+15.5%) year over year in the second quarter. Old Age Security benefits grew \$1.4 billion (+7.4%), Employment Insurance benefits grew \$0.8 billion (+19.1%) and Canada Child Benefit grew \$0.7 billion (+10.7%), mainly reflecting indexation and the increase in the number of recipients of benefits.

With regards to interest expenses, despite recent reduction in the policy rate set by monetary authorities, the federal government's debt financing cost continued to increase, as rates on new bond issuances remained higher than maturing debt securities and levels of debt increased. As a result, interest expenses for the federal government grew 29.0% year over year.

As a percentage of total revenue, interest expenses for the federal government stood at 10.9% in the second quarter, up from 9.0% one year ago. Hence, the federal government devoted 10.9 cents of every dollar of revenue to cover interest expenses, while provincial and territorial governments devoted 7.5 cents.

### Chart 2 Canadian general government interest expenses

billions of dollars



Source(s): Table 10-10-0015-01.

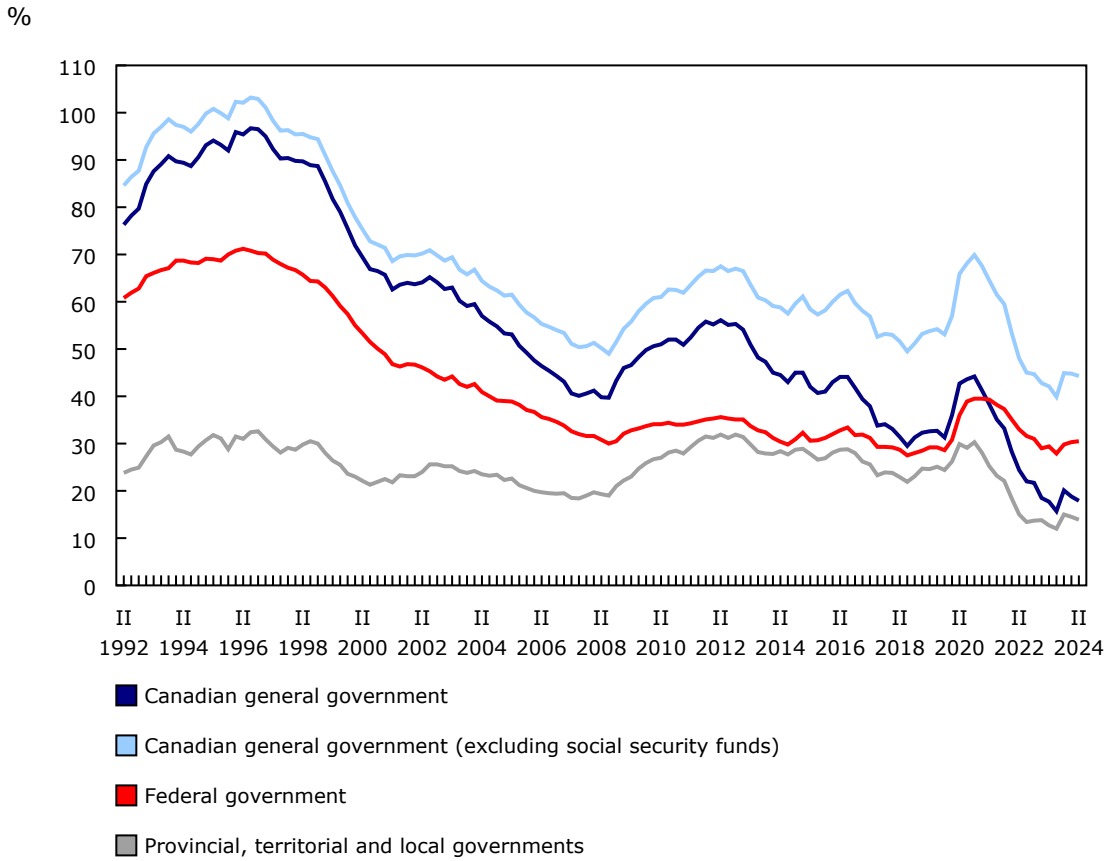
## Canadian general government net debt increases

The Canadian general government's net debt increased by 5.0% from a year ago and stood at \$529.7 billion in the second quarter. Excluding social security funds, for which assets are earmarked for the payment of future benefits, net debt of general government widened by 9.3% to reach \$1,308.9 billion.

In the second quarter, the federal government's net debt increased by \$63.0 billion (+7.5%) year over year. Meanwhile, the provincial and territorial governments' net debt increased by \$37.9 billion, up by 12.3% from one year ago.

The Canadian general government's net debt stood at 17.9% of nominal GDP in the second quarter. Excluding social security funds, the ratio stood at 44.3% (compared with 42.1% in the second quarter of 2023). In the second quarter of 2024, the federal government's net debt-to-GDP ratio was 30.5%, while the provincial and territorial governments' ratio stood at 11.8%.

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



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

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### Note to readers

Quarterly financial data for the Canadian general government and its subsectors from the first quarter of 1990 to the second quarter of 2024 are now available. These subsectors include the federal government, provincial and territorial governments, local governments and the Canada Pension Plan and the Québec Pension Plans.

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

In GFS standards, 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.

The net financial worth is the difference between financial assets and liabilities at market prices for a given period and is a key indicator to assess the sustainability of fiscal policy. This measure is equivalent to the reverse value of net debt, a measure commonly used in the government's financial statements.

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 for the first quarter of 2024.

### Accounting for First Nations Settlements

During the first quarter of 2024, the Government of Canada announced the final settlement agreement on compensation and agreement-in-principle for long-term reform of First Nations Child and Family Services and Jordan's Principle.

As of the release for the second quarter of 2024, GFS have been revised to record an expense as a capital transfer of federal government. This revision led to a significant but temporary impact on the federal government's deficit during the first quarter of 2024.

### Next release

Data on the Canadian government finances statistics for the third quarter of 2024 will be released on January 9, 2025.

**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](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).