

Federal government finances for the first half of fiscal 2010-11 (December 2010)

The Department of Finance has released the September 2010 issue of the Fiscal Monitor, which summarizes the federal government's financial position for the first half (April to September 2010) of the 2010-11 fiscal year.

While the deficit figure for the first six months of 2010-11 remains very high, there was good news in that government revenues for the period were up by 7.6% while overall expenditures dropped by 3.2%. The budgetary deficit of \$17.4 billion was also significantly lower than the \$28.6 billion deficit recorded for the first half of fiscal year 2009-10.

The largest contributors to the revenue gain were excise taxes and duties, which rose by \$3.3 billion, and revenue from the goods and services tax, which was up by \$2.8 billion. Both personal and corporate income tax revenues also rose, with the former increasing by \$2.0 billion or 3.8% and the latter growing by \$1.6 billion or 16.3%. The Department noted that while corporate income tax receipts were actually down by about 6%, that decline was more than offset by a decrease of about 26% in refunds of taxes paid.

On the expenditure side, the largest single difference between 2009-10 and 2010-11 was the one-time assistance provided in 2009 to the automotive industry. For 2010-11, the expenditure category of "other transfers", which in 2009 included that assistance, was down by \$4.8 billion. Major transfers to persons (which include elderly and children's benefits) were down by a relatively minor \$0.1 billion, while transfers to other levels of government rose by \$1.2 billion. That increase was attributed by the Department of Finance to legislated changes in health and social transfers, and equalization payments.

The September issue of The Fiscal Monitor, which outlines in detail the revenue and expenditure picture for September and for the first half of fiscal 2010-11 can be found on the Department of Finance Web site at <http://www.fin.gc.ca/fiscmon-revfin/2010-09-eng.asp> The next issue of The Fiscal Monitor, which will summarize federal government fiscal figures for the month of October and the first seven months of the 2010-11 fiscal year is scheduled to be released during the week of December 13.