

National:

Release Of The Fiscal Monitor

Budgetary deficit of \$3.6 Billion in March



The Honourable Jim Flaherty, Minister of Finance, today released The Fiscal Monitor for March 2009.

Highlights

March 2009: budgetary deficit of \$3.6 billion

There was a budgetary deficit of \$3.6 billion in March 2009, compared to a deficit of \$1.2 billion in March 2008. Budgetary revenues were down \$3.1 billion, or 14.4 per cent, from March 2008, reflecting declines in tax revenues. Program expenses were down \$0.6 billion, or 2.8 per cent, from March 2008, largely reflecting lower operating expenses of departments and agencies. Public debt charges were \$0.2 billion lower than in March 2008.

April 2008 to March 2009: budgetary deficit of \$2.2 billion

For the April 2008 to March 2009 period, there was a budgetary deficit of \$2.2 billion, compared to a surplus of \$11.4 billion reported in the same period of 2007-08. Budgetary revenues decreased by \$9.2 billion, or 3.8 per cent, primarily reflecting declines in corporate income tax and goods and services tax revenues, partially offset by growth in personal income tax and other revenues. Program expenses were up \$6.8 billion, or 3.5 per cent, due to higher transfer payments. Public debt charges were down \$2.3 billion on a year-over-year basis, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

Actions to support the availability of credit under the Government's Extraordinary Financing Framework are reflected in the financial requirement. There was a financial requirement of \$89.5 billion in the April to March period of 2008-09 compared to a financial source of \$13.6 billion in the same period of 2007-08. This year-over-year difference reflects \$55.0 billion in initial purchases of insured mortgage pools through Canada Mortgage and Housing Corporation under the Insured Mortgage Purchase Program, as well as the Budget 2007 announcement that the Government would meet all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending.

The budgetary balance through March 2009 is \$1.1 billion lower than projected for the year as a whole in Budget 2009. An update of the fiscal outlook for 2008-09 will be provided in the Government's June 2009 Report to Canadians on Canada's Economic Action Plan.

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