

Release of the Fiscal Monitor - June 2010

OTTAWA, Ontario, August 27, 2010 — The Honourable Jim Flaherty, Minister of Finance, today released *The Fiscal Monitor* for June 2010.

Highlights

June 2010: budgetary deficit of \$2.8 billion

There was a budgetary deficit of \$2.8 billion in June 2010, compared to a deficit of \$5.0 billion in June 2009.

Revenues decreased by \$0.5 billion, or 2.5 per cent, reflecting lower personal and corporate income tax revenues and other revenues, partially offset by higher Goods and Services Tax (GST) revenues. Program expenses were down \$2.7 billion, or 12.9 per cent, reflecting lower transfer payments. Public debt charges increased by \$36 million.

April to June 2010: budgetary deficit of \$7.2 billion

For the first three months of the 2010–11 fiscal year, the budgetary deficit stood at \$7.2 billion, compared to a deficit of \$12.5 billion reported in the same period of 2009–10. Over \$3 billion of the \$7.2-billion deficit was attributable to actions taken under Canada's Economic Action Plan, including tax reductions, enhanced Employment Insurance benefits, and infrastructure funding. Revenues were up \$1.9 billion, or 3.7 per cent, mainly reflecting increases in GST revenues and, to a lesser extent, personal income tax revenues. Program expenses were down \$3.2 billion, or 5.5 per cent, largely reflecting support provided to the automotive industry in 2009–10. Public debt charges were down \$0.1 billion, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

On balance, the deficit of \$7.2 billion through the first three months of the 2010–11 fiscal year is broadly consistent with the projected deficit of \$49.2 billion for 2010–11 set out in Budget 2010.

Since Budget 2010, the outlook for nominal gross domestic product, the broadest single measure of the tax base, has been revised up based on the June survey of private sector economic forecasters. However, there remains considerable uncertainty with respect to the strength of the global economic recovery. Overall, three months of fiscal information is not sufficient to draw any firm conclusions about the outlook for the year as a whole. A comprehensive update of the fiscal outlook for this year and beyond will be provided in the fall.