

Budget 2020

Today.
Tomorrow.
Together.

Budget Highlights

Budget 2020: Today. Tomorrow. Together. reflects our commitment to control spending and prioritize investments. We are focused on easing pressures on families, growing the economy, and ensuring the health care system is equipped to respond to pressures from COVID-19.

Living with COVID-19

- ▶ Close to \$100 million is available for pressures associated with COVID-19. This will allow us to respond to demands for such things as personal protective equipment, testing and mobilizing efforts to support immunization in the event that a vaccine is discovered and is safe for use.
- ▶ For small businesses and community organizations, a \$30 million COVID-19 Small Business Assistance Program is being introduced. It will be retroactive and help offset expenses and innovation incurred due to the pandemic.

- ▶ Eligibility under the Tourism and Hospitality Support Program will be expanded to include professional artists and musicians that have been impacted by COVID-19.

Actions

- ▶ Introducing \$25 a day child care in 2021. This is positive for the economy as it allows more parents into the workplace, and ensures that children receive the positive experiences that will benefit their lifelong learning.
- ▶ Continuing to transform the education system through an investment of \$22 million.
- ▶ \$609 million for infrastructure projects. This will help improve access to services and create more jobs for people in this province.

- ▶ More than \$1.7 million to advance community and school initiatives designed to prevent or stop smoking such as the Newfoundland and Labrador Lung Association's Smoker's Helpline and the Provincial Smoking Cessation Program.
- ▶ \$3.3 million annually for the expanded Insulin Pump Program.
- ▶ To help welcome 2,500 new permanent residents by 2022, \$2.1 million is being allocated to market the province and provide supports to assist in their settlement.
- ▶ Supporting a new modern radio telecommunication system for first responders with a \$500,000 investment.
- ▶ Over \$200,000 for the Seniors' Social Inclusion Initiative to support 50+ clubs advance initiatives that promote social inclusion.
- ▶ To help keep vaping products and tobacco out of the hands of youth, a 20 per cent tax on vaping products, additional five cents per cigarette and an additional 10 cents per gram on fine cut tobacco are being applied. This is intended to curb usage and lessen future demands on the health care system.
- ▶ As we adapt to a world with COVID-19 in it, the Premier's Economic Recovery Team will support our work to look for broader, bigger solutions and re-imagine how we optimally deliver government services.
- ▶ The revised surplus for 2019-20 is \$1.1 billion; the forecasted deficit for 2020-21 is \$1.84 billion.
- ▶ While less reliant on oil revenues today than past years, oil still represents a fairly significant revenue source. That said, given global volatility, projected oil royalties in 2020-21 are approximately \$533 million. This is a decrease in oil royalties of approximately \$430 million since 2019-20.
- ▶ The price of oil is forecast at US\$39 per barrel, and the Canadian to American dollar exchange rate is forecast at 0.738. These projections are informed by 11 independent oil forecasters.
- ▶ Due to unforeseen pressures created by COVID-19, expenses have increased to \$8.97 billion in Budget 2020.
- ▶ The Federal Government has mandated an increase in carbon taxes. Therefore, on October 1 gasoline will increase by 0.21 cents per litre and diesel will increase by 2.68 cents per litre.
- ▶ Gross borrowing for 2020-21 will be \$3 billion, in comparison to 2019-20 which was \$1.2 billion.
- ▶ In the absence of a Federal Budget and with the full impact of COVID-19 unknown, multi-year forecasting is not possible at this time.

Financial Landscape

- ▶ Over the last five years we have controlled expenditures. The rate of growth has slowed to 2.5 per cent over five years after a decade where spending increased significantly. This budget, which covers six months, sets us on a course to deal with our financial challenges that have been compounded by COVID-19 and volatility in the oil and gas industry.

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- ▶ **Fiscally Responsible Amidst COVID-19**
 - ▶ **Eases Pressures on Young Families**
 - ▶ **Supports Businesses, Community Groups, and the Arts**
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