

## Finance

September 30, 2020

## Budget 2020 Features Reduced Deficit as Government Maintains Focus on Fiscal Control

Today the Honourable Siobhan Coady, Deputy Premier and Minister of Finance, released Budget 2020: Today. Tomorrow. Together. This year's budget reflects government's commitment to strong fiscal management while ensuring that residents, businesses and the health care system are equipped to respond to the pressures of the COVID-19 global pandemic.

As indicated in the July fiscal update, the collective weight of COVID-19 and the volatility of the global oil industry has reduced revenues and increased expenses. We also continue to carefully manage the billions of dollars in obligations stemming from the Muskrat Falls project.

In Budget 2020:

- ▶ The projected deficit for 2020-21 is \$1.84 billion, an improvement of \$309 million from the fiscal update provided in July.
- ▶ This change is the result of revenue projections increasing by \$318 million, mostly due to increased oil price revenues and previously unanticipated Federal Government COVID-19 funding.
- ▶ Expense projections have remained largely consistent, with an increase of \$9 million from the July update.
- ▶ Current oil price projections have improved slightly to \$US39 per barrel, while the Canada to United States exchange rate is forecast at 73.8 cents.
- ▶ The projected borrowing requirement for 2020-21 has also been reduced to \$3 billion, down \$200 million from the July update.
- ▶ The net debt is now anticipated to reach \$16.4 billion in 2020-21, down approximately \$300 million from July.

In Budget 2020, there are minimal taxation changes: increased taxes on tobacco and vaping products, a reduction of the provincial portion of the gasoline tax and an increase of the federally mandated provincial carbon tax to \$30 per tonne. Changes include:

- ▶ An additional 5 cents per cigarette and 10 cents per gram of fine cut tobacco;
- ▶ A new 20 per cent tax on vaping products.
- ▶ An increase of 0.21 cents per litre on gasoline and an increase of 2.68 cents per litre on diesel.

Despite the ongoing pressures of the pandemic, the Provincial Government is maintaining its focus on fiscal control, closely evaluating all spending decisions to ensure that every dollar is maximized to the benefit of residents and industries.

### **Quote**

“As our province’s first budget in the world of a global pandemic, Budget 2020 shows the importance of strong fiscal management. This financial control facilitated our improved deficit projections, as we’ve kept expenses steady despite the significant pressures of a global pandemic. We are unwavering in our efforts to manage these pressures, and we will face this adversity as our province always does – with diligence, integrity and compassion.”

Honourable Siobhan Coady

Deputy Premier and Minister of Finance

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