

FISCAL UPDATE 2020-21

July 24, 2020

Economic Outlook for 2020

Indicator	Budget 2019 For 2020	Fiscal Update July 2020	Variance
Nominal GDP (\$M)	35,802	29,319	-6,483 Million
Real GDP (\$2012M)	34,260	32,451	-1,809 Million
Compensation of Employees (\$M)	15,375	14,595	-780 Million
Household Income (\$M)	26,944	26,446	-498 Million
Retail Sales (\$M)	9,221	8,470	-751 Million
Housing Starts	1,060	883	-177 units
Consumer Price Index (2002=100)	142.8	140.7	-2.1
Inflation Rate for 2020 (%)	2.0%	1.0%	-1.0%
Capital Investment (\$M)	9,250	8,710	-540 Million
Population	523,600	519,900	-3,700
Employment	225,200	213,800	-11,400
Unemployment Rate (%)	13.5%	14.0%	0.5%

Statement of Operations

	Budget 2019-20	Revised 2019-20 (at July 2020)	Budget 2019 For 2020-21 (at April 2019)	Fiscal Update For 2020-21 (at July 2020)
Revenue	10,349	9,434	7,442	6,811
Expenses	8,425	8,390	8,238	8,958
Surplus (Deficit) \$M	1,924	1,044	(796)	(2,147)

Variance Explanations 2020-21

- **Revenues** - \$631M decrease:
 - Offshore royalties (\$560M decrease)
 - All other revenues (\$71M decrease)
- **Expenses** - \$720M increase:
 - Contingency for COVID-19 (\$200M increase)
 - Healthcare/Regional Health Authorities (\$261M increase)
 - Pension, OPEB and debt assumptions (\$127M increase)
 - All other expenses (\$132M increase)

Oil Price and Exchange Rate 2020-21

	Budget 2019 For 2020-21	Fiscal Update July 2020
Oil Price 2020-21		
\$US	\$68.00	\$34.00
• \$CDN	\$88.08	\$47.29
Exchange Rate (CDN to US)	0.772	0.719

- Plus or minus \$1US in oil price would result in an increase or decrease of approximately \$18.5 million in oil royalties.
- Plus or minus 1 cent in CAD to US exchange rate would result in a decrease or increase of approximately \$8.5 million in royalties.

Other Key Financial Indicators 2020-21

	Budget 2019 For 2020-21	Fiscal Update July 2020
Borrowing Requirement	\$1.2B	\$3.2B
Net Debt	\$14.6B	\$16.7B

COVID-19 Impacts on Canadian Jurisdictions (\$B)

Jurisdiction	Projected 2020-21 Surplus (Deficit) as of Budget 2019	Post-COVID Updates (May to July 2020)	\$ Change
Canada	-19.7	-343.2	-323.5
British Columbia	0.30	-12.5	-12.8
Saskatchewan	0.05	-2.4	-2.5
Manitoba	-0.30	-2.9	-2.6
Quebec	2.70	-12.4	-15.1
New Brunswick	0.03	-0.3	-0.3
Prince Edward Island	0.01	-0.2	-0.2
Newfoundland and Labrador	-0.80	-2.2	-1.4

Note: Other provinces have not provided Budget/Fiscal Updates since COVID-19

Thank you