

Budget 2018 – Building for Our Future



Finance

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Building for Our Future – Budget 2018 Focused on Delivering Valuable Programs and Services While Returning to Surplus

The Honourable Tom Osborne, Minister of Finance and President of Treasury Board, today released Budget 2018: Building for Our Future, which confirms that Newfoundland and Labrador is on track to return to surplus in 2022-23 despite a challenging fiscal environment. Building for Our Future continues government's balanced approach to supporting communities and families throughout the province while helping to create new business and employment opportunities.

Building for Our Future reflects the priorities of Newfoundlanders and Labradorians, and includes:

- A minimum five per cent reduction in the tax on automobile insurance over four years, from 15 per cent to 10 per cent;
- The advancement of recommendations outlined in the Premier's Task Force on Improving Educational Outcomes;
- Support for greater access to early learning and child care;
- A \$619.7 million investment in infrastructure, which is a part of a \$2.5 billion five-year plan that will create 5,300 person years of employment annually; and
- Significant improvements to increasing access to mental health and addictions services, including the replacement of the Waterford Hospital.

The deficit for 2017-18 is \$812 million marking an improvement from mid-year when the deficit was projected to be \$852 million. The revised deficit includes severance expenses under the new collective agreement totaling \$37 million, which over the long-term will help government realize significant savings. The projected deficit for 2018-19 is \$683 million. This is slightly higher than the \$644 million forecasted in Budget 2017 due to collective agreement severance expenses totaling \$52 million.

Government continues to take a measured and responsible approach to estimating oil price forecasts based on independent industry analysts. In Budget 2018, oil price is forecast at US\$63 per barrel in both 2018-19 and 2019-20.

While Budget 2017 saw one-time expense savings due to pension reform, budget expenditures for 2018-19 are consistent with prior forecasts despite the pressure of increases to the consumer price index and pressures to participate in federal initiatives. As such, 2018-19 expenses are projected at \$8.36 billion; when 100 per cent funded programs are considered, the total net expenses are \$8.29 billion, which is lower than the Budget 2017 forecast.

For Budget 2018, borrowing will be \$1.45 billion, which is lower than the forecasted borrowing from Budget 2017. Net new borrowing for the duration of government's 2022-23 fiscal plan is increased by \$1.4 billion, of which \$1.1 billion is due to changes in cash flows related to Nalcor Energy.

The Provincial Government continues to address its fiscal challenges through ongoing cost-saving measures that have helped the province correct course since 2016. These include cuts to discretionary spending, fiscal management directed at finding efficiencies and an expansion of the attrition plan for government departments and agencies, boards and commissions.

Quote

“Building for Our Future addresses our province’s economic, social, and fiscal challenges – it is a way forward that is methodical, fair and responsible. We will continue to be innovative in our actions, identify opportunities to improve access to services, and secure better outcomes. Despite significant challenges, we remain on-target to return to surplus by 2022-23 as a result of the actions taken over the last two years and the calculated decisions made in Budget 2018.”

Honourable Tom Osborne
Minister of Finance and President of Treasury Board

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