

Budget2015

Balancing Choices for a Promising Future

Finance

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The Provincial Government is addressing the province's fiscal challenge by implementing balanced actions that recognize the current situation while, at the same time, continuing to make prudent investments in key areas that are important to Newfoundlanders and Labradorians. With a fair, measured approach to protecting the significant progress Newfoundland and Labrador has made over the last decade, Budget 2015 outlines a plan to return the province to surplus in 2020-21.

“The decline in oil prices has placed a strain on provincial revenues and we need to adjust our course to meet this new reality head-on. We are reducing expenditures in a responsible manner to ensure we maintain the stability of our economy. The situation we find ourselves in is a temporary one caused by the global downturn in oil prices. Prudent fiscal management demands gradual change to avoid harming the province’s economy. The balanced approach that we are taking recognizes the need to adjust Provincial Government spending while protecting core services for our residents. We are creating a path that will lead Newfoundland and Labrador to a great future that harnesses our economic prospects.”

- The Honourable Ross Wiseman, Minister of Finance and President of Treasury Board

Through Budget 2015, the Provincial Government is allocating a total of approximately \$8.1 billion. The deficit for 2014-15, projected at mid-year to be \$916.1 million, is now revised to \$924.1 million — a result of declining oil prices globally. The budgeted deficit for 2015-16 is \$1.093 billion.

Budget 2015 continues significant investments in vital programs and services, including:

- Nearly \$3 billion for the health and well-being of families;
- \$1.4 billion for K-12 and post-secondary education;
- A new Community Sustainability Partnership which provides new sources of funding for communities; and
- More than \$660 million for infrastructure projects that will support economic growth and job creation.

With a sustainable fiscal plan, the Provincial Government expects to return to surplus in 2020-21. This will be achieved through a series of measures, including an attrition management plan, necessary expenditure reductions and revenue generation through increasing some taxes and fees. The increases to various fees, changes associated with the HST and progressive changes to the personal income tax structure will result in increased revenue of just over \$122 million for 2015-16, annualizing to approximately \$254 million in future years.

To further address the economic pressures facing this province, the Provincial Government has taken a leadership role in finding a solution to the liability associated with pension benefits that would have severely impacted the province's net debt. Over the past year, the Provincial Government has worked with public sector unions to formalize agreements to protect the defined benefit plans for approximately 97 per cent of the plan members, including retirees. Work will continue to address the remaining unfunded pension liability this year.

“Our government has tremendous confidence in the future prospects of Newfoundland and Labrador. We understand the potential that exists here and we recognize the tremendous opportunities we must seize. We are leveraging our significant natural resources as well as supporting the strengths of an innovative business community that is competing in global markets. We have come a very long way and we have a great story of progress upon which to build. But we have to manage our spending growth and find new, innovative ways to transform how we deliver services in this province. We must move forward in a manner that protects that growth and allows us to remain a leader.”

- Minister Wiseman

After 10 years of significant growth, economic conditions in Newfoundland and Labrador have slowed due to weaker commodity markets but are expected to rebound in 2019. Nonetheless, major economic indicators continue to show strong results when compared to 2005 and this province continues to boast the highest income levels in its history and comparatively high employment levels. The tremendous potential of Newfoundland and Labrador's offshore oil resources also bodes well for the economic future of the province.

QUICK FACTS

- Budget 2015 outlines a plan to return this province to surplus, while at the same time continuing to make prudent investments in key areas.
- Through Budget 2015, the Provincial Government is allocating a total of approximately \$8.1 billion.
- The deficit for 2014-15, projected at mid-year to be \$916.1 million, is now revised to \$924.1 million — a result of declining oil prices globally. The budgeted deficit for 2015-16 is \$1.093 billion.
- The Provincial Government expects to return to surplus in 2020-21.
- Budget 2015 includes nearly \$3 billion for the health and well-being of families, \$1.4 billion for K-12 and post-secondary education, and more than \$660 million for infrastructure projects that will support economic growth and job creation.

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