

## Our Financial Plan

Budget 2018 – Building for Our Future continues our government's balanced approach to supporting our province's communities and families while helping to create new business and employment opportunities.

Government remains on track to return to surplus in 2022-23. This will be achieved through attrition as a means of reducing government's overall footprint, focusing on operational efficiencies through the use of technology and shared services and continued focus on expenditure control.

## Our Targets

Our government remains committed to achieving our fiscal targets. Our work to date and decisions in Budget 2018 have helped us maintain our course.

- The revised deficit for 2017-18 is \$812 million, which is an improvement from the mid-year forecast. This includes severance expenses under the new collective agreement totaling \$37 million.
- The deficit for 2018-19, is projected as \$683 million; this includes \$52 million for the remaining one-time severance expenses. This is an increase from the Budget 2017 forecast of \$644 million.
- Budget 2018 includes revenues of \$7.67 billion, an improvement of \$12 million from the Budget 2017 forecast, after considering the oil revenue risk adjustment.
- The price of oil is forecast at US\$63 per barrel, and the US to Canada exchange rate is forecast at US\$0.79. These are based on the forecasts of multiple industry analysts.
- Budget 2018 includes expenses of \$8.36 billion. When the 100 per cent funded programs are reflected, the total net expenses are \$8.29 billion, which is lower than the original forecast at Budget 2017.

- Gross borrowing for Budget 2018 will be \$1.45 billion, lower than the original Budget 2017 forecast of \$1.6 billion.
- 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 to cash flows related to Nalcor Energy.

## Our Actions

Our financial plan is one of balance. As per our commitments in The Way Forward, we are reducing spending while maintaining services and programs.

Budget 2018 includes changes to taxation that support consumers and businesses. These include:

- A third (33 per cent) of the retail sales tax on auto insurance will be eliminated over four years. On January 1, 2019 the tax will be reduced by two per cent, with reductions of one per cent in 2020, 2021 and 2022.
- The exemption threshold for the provincial payroll tax is being increased from \$1.2 million to \$1.3 million. With this change, a further 50 companies will be exempted, and the remaining 1,200 companies will pay up to \$2,000 less in tax effective January 1, 2019.

On track to return to surplus in 2022-23

Reduced tax on automobile insurance

Almost \$620 million for infrastructure and economic stimulus

- Budget 2018 introduces a Search and Rescue Volunteer Tax Credit. Eligible search and rescue volunteers can claim a \$3,000 non-refundable tax credit from their Provincial Income Tax return starting on January 1, 2019.
- An independent review of the public post-secondary system will be undertaken by a committee appointed through the Independent Appointments Commission. This follows the review of the K-12 system and will ensure the system is working efficiently and securing the best educational outcomes for students.
- Our government anticipates savings of \$5.2 million in 2018-19 as the result of cost-saving measures to manage government expenses, including reducing discretionary spending.
- Government will consolidate its vehicle fleet under one department, which will save hundreds of thousands of dollars over the long-term.
- Our government will continue to pursue the sale of surplus land, building and equipment, as well as create an Asset Management Framework to guide how assets are assessed and disposed.
- \$6.1 million towards the replacement of the Waterford Hospital and to expand mental health community support services.
- Approximately \$61.6 million for early childhood development, over the next three years – through a bilateral agreement with the Federal Government. This includes \$22 million to implement the 10-year Child Care Strategy.

“Building for Our Future addresses our province’s economic, social, and fiscal challenges – it is a way forward that is 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 balanced approach taken over the last two years and the calculated decisions made in Budget 2018.”

Hon. Tom Osborne  
Minister of Finance

## Strategic Investments

Our government is supporting Newfoundlanders and Labradorians through investments in education, health care, and infrastructure. Our approach provides greater access to programs and services while creating business and employment opportunities. Budget 2018 includes:

- \$619.7 million infrastructure investment, which is part of a \$2.5 billion five-year plan that will create 5,300 person years of employment per year.
- \$6.9 million to action recommendations from the Premier’s Task Force on Improving Educational Outcomes.
- \$1 million in 2018-19 towards a new Home Purchase Program, which will provide \$3,000 grants towards the purchase of a newly constructed or never before purchased home under \$400,000.