

2020-21 Preliminary Revenue Impacts

April 17, 2020

saskatchewan.ca

Saskatchewan! 

Timelines

- **March 11** - World Health Organization declares COVID-19 a pandemic
- **March 18** - Government of Saskatchewan declares a State of Emergency
- **March 18**- Government of Saskatchewan tables 2020-21 spending estimates without revenue forecasts, which were impossible at the time given the rapidly changing situation

Unknown Variables

- Duration of emergency measures and public health orders
- Consumer spending habits
- Evolving suite of federal support programs
- Global travel and trade restrictions
- Success of global monetary and fiscal policy measures

Economic Scenarios

	2019	<u>Scenario 1</u>		<u>Scenario 2</u>		<u>Scenario 3</u>	
		2020	2021	2020	2021	2020	2021
		Revenue Impact: \$1.3B <ul style="list-style-type: none"> Substantial recovery by June 2020 C\$30 SK oil price 		Revenue Impact: \$2.2B <ul style="list-style-type: none"> Substantial recovery by September 2020 C\$25 SK oil price 		Revenue Impact: \$3.3B <ul style="list-style-type: none"> Substantial recovery by January 2021 C\$15 SK oil price 	
Real GDP (% change)	0.4	-4.1	3.7	-6.3	4.6	-14.9	10.0
Nominal GDP (% change)	3.3	-9.3	6.4	-12.8	7.2	-20.4	10.6
Employment growth ('000s)	10.4	-12.9	5.7	-15.8	6.8	-27.2	8.3
Unemployment rate (%)	5.4	8.2	7.3	8.6	7.6	10.5	9.2
Retail sales (% change)	-0.5	-12.5	3.0	-18.8	4.5	-33.3	5.5

Revenue Scenarios

	2019-20 Mid-Year	2020-21 Outlook		
		Scenario 1	Scenario 2	Scenario 3
<i>(millions of dollars)</i>				
Taxes	7,605	7,347	7,092	6,510
Non-Renewable Resources	1,896	1,216	997	711
GBE Net income	1,148	892	548	406
Other Own-Source Revenue	2,068	1,995	1,933	1,834
Federal Transfers	2,637	2,575	2,575	2,575
Total Revenue	15,354	14,025	13,145	12,037
Change from 2019-20 Mid-Year		(1,329)	(2,209)	(3,318)

Expenses

- At this point, the government is managing within spending amounts allocated in the budget estimates
- The government has committed to provide all financial resources necessary to address the Covid-19 Pandemic
- This will likely result in spending increases beyond the amounts allocated to the 2020-21 Estimates

Beyond 2020

- Saskatchewan was on track for surplus in 2019-20 and 2020-21 prior to the COVID-19 pandemic and oil price collapse
- 2020-21 deficit is not a structural deficit, it is a PANDEMIC DEFICIT