

# Provincial COVID-19 Response Plans

A Publication of BMO Capital Markets Economic Research · Douglas Porter, CFA, Chief Economist, BMO Financial Group

The Canadian provinces are ramping up their own COVID-19 support measures to supplement the package passed by the federal government this week.

While most provinces have tabled FY20/21 budget documents, the projections are already well offside because of a dramatically weaker near-term economic outlook, and increased spending pressures. As a result, we probably won't have a clear idea of how fiscal balances will look until the fall update season.

Below is an update of where support measures stand today, understanding that many jurisdictions are rolling out measures on an ongoing basis.

## British Columbia

- Total measures: \$5 billion (1.6% of GDP).
- \$1.7 billion for critical services.
- Emergency Benefit: Up to \$1,000 for those whose ability to work has been affected.
- Climate Action Tax Credit increased and expanded.
- Support for low-income renters.
- Freeze on student loan payments for six months.
- Hydro bill deferral.
- Employer health tax deferral until September, 2020.
- Carbon tax increase delayed until further notice.
- Commercial school property tax cut by half for 2020.
- **B.C. entered this period in the strongest fiscal position, with the last AAA credit rating.**

## Alberta

- Total measures (est): \$2 billion (0.6% of GDP).
- \$1.7 billion for critical services.
- Freeze on education property tax rates.
- WCB premium support or deferral.
- Corporate tax payments deferred to August, 2020.
- Utility payment deferral for 90 days.
- Freeze on student loan payments for six months.
- Waiving Alberta Energy Regulator fees.
- Extend oil and gas tenures expiring in 2020, by a year.
- The 2020 budget was based on \$58 WTI vs. \$23 today.
- **The deficit will easily double and could approach the 1980s (6.8%) nadir as a share of GDP.**

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## Budget Balances at Risk

Province	Budget Balance			
	(\$ mlns)		(% of GDP)	
	FY19/20	FY20/21	FY19/20	FY20/21
British Columbia	203	227	0.1	0.1
Alberta	-7,540	-6,810	-2.2	-1.9
Saskatchewan <sup>1</sup>	37	49	0.0	0.1
Manitoba	-360	-220	-0.5	-0.3
Ontario <sup>2</sup>	-9,200	-20,500	-1.0	-2.3
Quebec	4,533	2,729	1.0	0.6
New Brunswick	98	92	0.3	0.2
Nova Scotia	41	55	0.1	0.1
Prince Edward Island <sup>1</sup>	1	7	0.0	0.1
Newfoundland & Lab. <sup>1</sup>	-944	-796	-2.8	-2.3

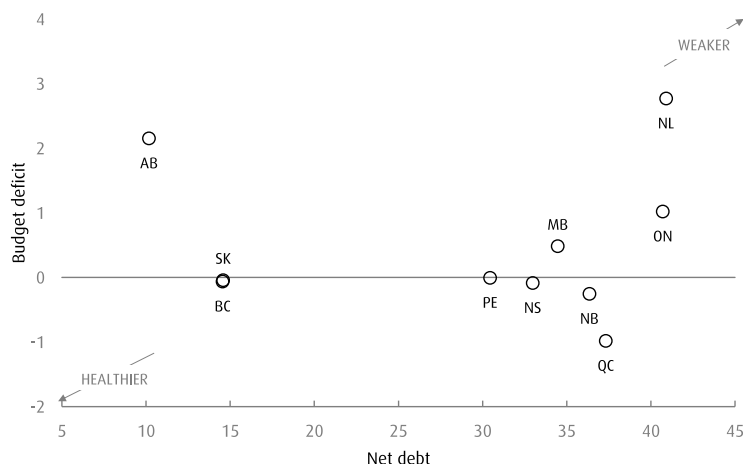
Source: Provincial budgets/fiscal updates -- most don't yet account for COVID-19 impact

<sup>1</sup> FY20/21 budget was not yet tabled; based on most recent estimate

<sup>2</sup> Based on March 25th fiscal update, including COVID-19 impact

## Pre-COVID Fiscal Landscape

% of GDP, FY19/20



### Saskatchewan

- Total measures: \$TBD.
- Three-month relief on sales tax remittance.
- Six-month deferral for provincial utility bills.
- Self-isolation support of \$450 per week, for two weeks.
- Easing sick leave rules.
- Freeze on student loan payments for six months.
- **Saskatchewan will also be hit by lower oil prices, with a return to deficit likely this fiscal year.**

### Manitoba

- Total measures: \$TBD.
- Raining Day Fund up to \$872 million from \$571 million.
- Deficit to worsen by anywhere in the \$110 million-to-\$680 million range for FY20/21, depending on economic and spending outcomes.
- **Manitoba has the most stable economy in Canada, and has weathered past crises relatively well.**

### Ontario

- Total measures: \$7 billion (0.8% of GDP), plus \$10 billion in deferral programs.
- Direct health care support of \$3.3 billion.
- One-time child care payment of \$200 per child.
- Freeze on student loan payments for six months.
- Electricity cost relief of \$1.5 billion; setting time-of-use pricing at the off-peak rate for 45 days.
- Temporary increase in Employer Health Tax exemption.
- Corporate income tax credit for lagging regions.
- Workers' compensation premiums delayed six months.
- Deferral of business tax payments for five months.
- **The \$20.5 billion deficit nears financials-crisis levels at 2.3% of GDP. There are ample contingencies (roughly \$5 billion) built into that estimate.**

### Quebec

- Total measures: \$TBD.
- \$2.5 billion of business loans and loan guarantees.
- Tax payment deadline extended to September 1, 2020.
- Support for individuals is pending.
- Quebec has built up fiscal capacity in recent years, running surpluses and bringing down the debt burden.  
**That has left the Province with plenty of firepower to support the economy through this downturn.**

### New Brunswick

- Total measures: \$TBD.
- The FY20/21 budget was quickly passed with multi-party support.
- One-time \$900 payment for workers losing their job.
- Support for businesses is pending.
- **A strong run of three consecutive surpluses will likely turn back to deficit this year.**

### Nova Scotia

- Total measures: \$161 million on businesses; rest TBD.
- Spending ramped up across segments of health care.
- Deferral of government loans and fees to July.
- Workers' compensation premiums delayed to July.
- Expanding Small Business Loan Guarantee program.
- **Nova Scotia has been diligently running surpluses and bringing deb-to-GDP in recent year, leaving the Province in good shape entering this period.**

### Prince Edward Island

- Total measures: \$TBD.
- \$400,000 of grocery gift cards to laid off employees.
- Workers' compensation premiums delayed to July.
- Working capital financing program.
- **Three consecutive surpluses and a booming economy left PEI in good shape ahead of the shock.**

### Newfoundland & Labrador

- Total measures: \$TBD.
- Support for renters and eviction protection pending.
- Possible support/deferral of hydro bills pending.
- Coverage for continued pay for workers forced into self-isolation.
- **An additional hit from low oil prices will further stress the budget, which was already to top 2% of GDP.**

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