

## **2020-21 BUDGET ADDRESS**

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Minister of Finance  
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*Check against delivery*

## **INTRODUCTION**

Mr. Speaker and esteemed colleagues,...

Today I have the great honour and responsibility of delivering the 2020-21 Budget—my third budget as Saskatchewan’s Minister of Finance.

I want to start by thanking the people of Saskatchewan—for their successful response to the pandemic emergency and for the many sacrifices they have made over the last number of weeks.

We faced the pandemic—together.

Now we are reopening our province—together.

And we will rebuild and recover—together.

Mr. Speaker, the 2020-21 Saskatchewan Budget meets the challenges presented by the global COVID-19 pandemic.

Saskatchewan is strong.

Our province’s fiscal foundation remains solid and our economy will recover.

Saskatchewan people are resilient and our province has what the world needs as the global economy emerges from the pandemic.

Our Government is helping support people through the pandemic and investing to stimulate our economy and create jobs.

Every province, every jurisdiction in the world, has seen its economy and finances hit hard by the pandemic.

Mr. Speaker, Saskatchewan is not immune, but we are better positioned than most to provide the support people need to get through the pandemic and see our economy recover and jobs return.

## **PANDEMIC DEFICIT**

The reduction in provincial revenues and additional costs related to the pandemic have resulted in a \$2.4 billion deficit forecast for 2020-21.

This is a pandemic deficit, not a structural deficit.

Prior to the pandemic, Saskatchewan was on track for balanced budgets last year and this year.

And I am confident that as Saskatchewan's economy recovers, our revenues will also recover and we will get back to balance in the coming years without having to cut programs and services.

While this deficit is significant, it is much smaller than deficits expected in many other provinces this fiscal year.

## **REVENUE**

Revenue is forecast to be \$13.6 billion in 2020-21—down \$1.2 billion or about 8 percent from last year—a result of the shuttering of domestic and global economies to contain the spread of COVID-19, combined with the oil price collapse.

## **EXPENSE**

The 2020-21 Budget includes \$16.1 billion in spending, up \$1.1 billion, or about 7 percent compared to last year.

This includes record spending on health care, which is vital during the COVID-19 pandemic.

This budget also invests strongly into many needed programs and services.

To help stimulate Saskatchewan's economic recovery and create jobs, the province's capital plan in this budget includes \$3.1 billion to build hospitals and schools, roads and highways, and municipal and Crown corporation infrastructure.

Over the next two years the province will invest \$7.5 billion as part of its capital plan.

This includes \$2 billion announced in May to help further stimulate the economy and create jobs.

These are projects that will result in much needed economic activity and jobs.

Saskatchewan is fortunate to be in a strong financial position to make these kinds of important capital investments in every part of our province.

This budget also includes more than \$1 billion in support to fight the pandemic—for individuals, for businesses, and for initiatives that will help the economy recover.

Total expense in this budget of \$16.1 billion includes \$14.2 billion outlined in the estimates for

government ministries and agencies that was released on March 18.

As well, \$1.3 billion in expense from across other government entities is included in the summary budget, for a total of \$15.5 billion at that time.

In the weeks after we presented the estimates, more than \$700 million was allocated to address the challenge of the pandemic.

And a \$200 million health and safety contingency has also been established.

The pre-pandemic funding includes a record investment of \$6.18 billion for the health-care sector—up \$288 million or nearly five percent from the previous year.

Mr. Speaker, the health sector has had pandemic-related costs.

However, so far, the significant increase in health spending announced on March 18 means we have been able to manage pressures within the existing budget. Within this record investment, \$118 million has been identified in spending commitments related to hospital equipment, testing equipment, personal protective equipment and operating costs to address the pandemic.

Since the very start of our pandemic response, our government has committed to spending what is necessary to protect the health and safety of Saskatchewan people.

While to date, this has been manageable within the existing budget, the \$200 million health and safety contingency is there to ensure we can meet any additional costs that are required to protect Saskatchewan people from the spread of COVID-19.

The 2020-21 Budget also includes a record \$435 million for mental health and addictions, which makes up 7.5 per cent of the total Ministry of Health budget.

There is also \$3.36 billion for education in this budget, including the pre-K to Grade 12 and the post-secondary sectors—up \$79.4 million or 2.4 percent from last year.

A \$42 million increase in school operating funding includes \$20 million to fully fund the recently ratified teachers' collective bargaining agreement.

School divisions have been responding to the unique challenges of the pandemic—including online learning, and planning for the safe return to classrooms for the 2020-21 school year with the guidance of Saskatchewan's Chief Medical

Health Officer.

This budget includes \$1.49 billion for social services and assistance—a \$58 million, or four percent, increase over last year.

This includes a \$30 million increase for child and family services to enhance the range and delivery of services that keep children safe.

It also includes \$10.9 million for third-party providers that deliver services to some of our province's most vulnerable, including at-risk children, youth and families, and people with intellectual disabilities and mental health challenges.

In total, across multiple ministries, the increase is \$14 million to help fund the operations of community-service organizations that provide vital contributions—strengthening families and assisting those who are most vulnerable, particularly important as the province responds to the global pandemic.

In response to the pandemic, \$6.4 million in social services and assistance has been dedicated to a number of measures to help the province's most vulnerable—including one-time payments of fifty dollars to all adults who receive income assistance.

Our government is also providing \$100 monthly respite payments from June through September to about 2,800 individuals who care for people with intellectual disabilities—at a cost of \$1.1 million.

And there is \$171,000 for additional support to emergency shelters, and one-time \$300 payments to foster and extended-family caregivers.

This budget provides more than \$85 million to the Saskatchewan Public Safety Agency, which supports the province's people, municipalities, and service providers, and is well-positioned to address any emergency that may arise.

The Agency is playing a vital role in the province's response to the pandemic, particularly in the north west region of the province, including La Loche and surrounding communities.

A number of other ministries and agencies that have repurposed funding within their existing budgets to address pandemic impacts, bringing the total of COVID-19 spending within existing funds to about \$148 million.

## **PANDEMIC RESPONSE**

Breaking down the more than \$900 million in new support to fight the pandemic, this budget includes \$502 million of new spending announced since March 18<sup>th</sup>, for pandemic-related support programs and economic stimulus.

The new expense includes:

- \$171 million of new capital funding for third parties, including \$150 million for the Municipal Economic Enhancement Program for shovel-ready infrastructure projects
- \$150 million for the Accelerated Site Closure Program for the reclamation of inactive oil and gas wells and facilities
- \$56 million for the Temporary Wage Supplement supporting workers who are helping some of our province's most vulnerable through the pandemic
- \$50 million for the Saskatchewan Small Business Emergency Payment providing support to small- and medium-sized businesses that have had to temporarily close or curtail operations because of the pandemic
- \$50 million in emergency pandemic support for First Nations and Métis organizations and community-based organizations to help offset

an \$81 million reduction in gaming grants resulting from the casino closures

- \$13 million for Canada Emergency Commercial Rent Assistance, providing forgivable loans to commercial property owners to assist with rent owing by small businesses experiencing hardship during the pandemic, and
- \$12 million of other measures, including support for livestock producers, enhancements to the corrections and justice systems and the Self-Isolation Support Program.

Further, \$205 million will be directed to government-owned capital assets such as schools, hospitals and highways, in addition to the original capital plan. When combined with the \$171 million increase in expense for third-party capital, a total of \$376 million is provided for the first year of a two-year, \$2 billion capital stimulus package.

And a \$200 million health and public safety contingency has been provided to address future pandemic-related expenses, such as a possible resurgence of the virus, later this year.

Our Government has also provided an estimated

\$675 million in various payment deferrals for Saskatchewan people at this challenging time.

They include PST remittance and utility payment deferrals, Education Property Tax deferrals and the student loan repayment moratorium, among others, being provided as part of the pandemic-related response.

### **CAPITAL PLAN**

Mr. Speaker, as Saskatchewan re-opens and our economy recovers, our government will build.

This budget builds a strong Saskatchewan by building new hospitals, schools, and highways. Saskatchewan's Crown corporations are also building - new power generation, telecommunication wireless networks, and other needed infrastructure.

Since 2008, record capital investment of \$34 billion—including \$3.1 billion in this budget—has helped build a strong Saskatchewan.

This investment in infrastructure will drive our economic recovery and create jobs as we meet the challenge presented by the pandemic.

Investment in 2020-21 represents the first year of an enhanced two-year \$7.5 billion capital plan.

This includes the \$2 billion in economic stimulus announced in May that is further helping our economy recover from the pandemic's impact.

The initial capital plan, announced in March, supports more than 17,500 jobs with an economic impact of \$1.8 billion on nominal GDP.

The two-year \$2 billion stimulus is expected to support an additional 10,000 jobs, with a \$1.2 billion impact on the province's nominal GDP.

Since 2008, \$1.9 billion has been invested to build 53 new schools and undertake 26 major renovation projects.

This budget includes seven new school projects and three major renovation projects have been announced to date, as part of nearly \$168 million in education capital funding—up more than \$72 million, or 75 percent, compared to last year.

The investment in K-12 capital includes more than \$37 million in additional economic stimulus.

Projects will be announced for this added investment in the coming weeks.

This year's announced projects include:

- a new joint-use elementary school in Regina's Harbour Landing
- a joint-use consolidation of St. Peter, St. Michael, and Imperial elementary schools in Regina
- New school projects such as St. Frances Elementary in Saskatoon, the consolidation of Princess Alexandra, King George, and Pleasant Hill elementary schools in Saskatoon, and a new consolidated elementary and high school in Carrot River.

This budget builds hospitals, providing \$172 million in health-care capital spending—including \$15 million this year to support planning, design, and procurement activities for the more-than \$300 million project for a renewed and expanded Prince Albert Victoria Hospital.

Plans for the future Victoria Hospital include a multi-story addition with a new acute care tower, adult mental health space, and the development of culturally appropriate spaces in partnership with local First Nations.

Over the past 13 years, nearly \$1.8 billion in investment has built 14 new long-term care facilities across the province, as well as the Jim

Pattison Children's Hospital, Saskatchewan Hospital North Battleford, and the Dr. F.H. Wigmore Hospital in Moose Jaw.

Also in this budget, a \$15.7 million investment will continue construction of a new, 72-bed, long-term seniors care facility in Meadow Lake.

This budget provides \$4 million for diagnostic imaging equipment, including \$2 million to fulfill government's commitment for a new CT scanner in Melfort.

Included in this budget for health-care capital is an additional \$43.7 million, part of the stimulus announcement, for major projects and renewal projects that are being determined.

Mr. Speaker, this budget invests \$715 million in the Highways and Infrastructure budget to improve safety, increase the capacity of Saskatchewan's highways, and provide economic stimulus as communities recover from the economic impact of the pandemic.

This includes \$411 million for capital projects, including \$54 million added through stimulus funding.

As part of this budget, more than 1,000 kilometres of provincial highways will be

upgraded—including multiple sets of passing lanes and various safety improvements throughout the province in the first year of our government’s 10-year Growth Plan goal to build and upgrade 10,000 kilometres of highways.

Since 2008-09, more than \$9.8 billion has been invested in transportation infrastructure, improving numerous highways, bridges, and culverts as well as the construction and completion of the Regina Bypass, Estevan Bypass, the Yorkton West Truck Route, and interchanges in Martensville and Warman, among others.

This budget also provides \$316 million for municipal infrastructure.

This includes \$166 million in transfers to municipalities, including funding made available through the Gas Tax Fund, Investing in Canada Infrastructure Program, New Building Canada Fund, and other programs.

It also includes \$150 million of economic stimulus funding for the Municipal Economic Enhancement Program, which supports all municipalities with per-capita funding for a wide-range of projects.

This funding will help communities remain strong through the pandemic, creating local jobs and encouraging economic development.

Since 2008-09, a total of about \$2 billion has been invested to support municipal infrastructure.

This budget also invests \$1.7 billion over the next year in Crown Corporation infrastructure to enhance services provided by SaskPower, SaskTel, and SaskEnergy.

Through the Crown sector since 2008-09, our government has invested more than \$19 billion in infrastructure to ensure safe, reliable, high-quality services for the people of Saskatchewan.

Our government's Growth Plan targets \$30 billion in infrastructure spending by 2030 to support our province, help our economy recover from challenging times, and grow into the future to build a better quality of life for Saskatchewan people.

This year's budget contributes toward this goal with \$3.1 billion in capital investment in 2020-21.

## **INCREASING COMPETITIVENESS**

Mr. Speaker, our economic recovery requires being competitive and keeping taxes low for Saskatchewan people and businesses—while seeking new markets, growing trade and exports, and adding value to Saskatchewan products that

are sold around the world.

This budget contains a number of targeted tax measures to encourage new activities in areas such as pipeline development and fertilizer production.

This budget reintroduces full indexation of the Personal Income Tax system, beginning with the 2021 tax year, protecting taxpayers from “bracket creep”—automatic increases in tax caused by inflation.

Our government has also introduced a PST rebate for new residential home construction of up to 42 percent of the PST paid on a new house contract up to \$350,000, excluding the land, for new homes purchased after March 31, 2020 and before April 1, 2023.

The new rebate will help the province’s construction industry, homebuilders, and associated trades to create jobs.

And it will help Saskatchewan families to afford a newly built home.

The Oil Infrastructure Investment Program, a SaskFirst new growth tax incentive administered by the Ministry of Energy and Resources, has been introduced to support new and expanded

pipelines, as well as new pipeline terminals, to flow oil to market.

This budget also introduces a new Saskatchewan Chemical Fertilizer Incentive, providing a 15 percent tax credit to encourage new investment that will grow Saskatchewan's value-added sector.

And this budget extends the existing Manufacturing and Processing Exporter Tax Incentive for an additional three years.

To ensure growth of our export markets, \$4.2 million in this budget, through the Ministry of Trade and Export Development, will establish three provincial trade and investment offices in Japan, India, and Singapore.

Officials in these offices will focus on diversifying markets, connecting Saskatchewan businesses with investors and customers.

They will encourage direct foreign investment, and give our exporters an advantage with people who understand the business culture, rules and regulations in key markets.

And this budget also includes \$5 million to identify opportunities for irrigated agriculture in Saskatchewan, and to further develop land and

water resources.

## **MUNICIPAL INVESTMENT**

This budget provides a record \$278 million in Municipal Revenue Sharing—up nearly \$27 million from last year, or 11 percent.

In total, this budget invests more than \$571.3 million in direct provincial support to Saskatchewan’s municipalities, an increase of \$136.5 million, or 31.4 per cent, over last year.

The includes revenue sharing, and the \$150 million Municipal Economic Enhancement Program, additional infrastructure funding, and a number of grants and initiatives from various government ministries.

## **CONCLUSION**

Mr. Speaker, Saskatchewan people have worked hard.

They have sacrificed much and followed good physical distancing practices to keep themselves and others safe from the spread of COVID-19.

As a result, Saskatchewan’s per capita case counts are nearly 80 per cent below the national average and our fatality rate is below the national

average by over 90 per cent.

Thanks to the people of Saskatchewan, our response to the pandemic has been successful.

And thanks to the people of Saskatchewan, our economic recovery will be strong.

We are confident as we move forward with our Re-Open Saskatchewan Plan, that businesses can reopen and more people can return to work, while at the same time controlling the spread of the virus.

We have reason for measured optimism.

Saskatchewan has the second lowest unemployment rate in Canada. We've seen fewer business closures than other provinces, and so far this year we have the third highest growth in urban housing starts in the country.

Mr. Speaker, this budget builds on the strength and resilience of our people and our economy, and it provides a strong response to the pandemic.

This budget invests in the priorities of Saskatchewan people. It keeps our province competitive with low taxation and targeted economic incentives.

It builds hospitals, schools, and highways.

It invests in health care and education, in social services, and in families and communities right across Saskatchewan.

The province's finances continue to be solid, and our government will develop a plan to bring the budget back to balance over time.

So Mr. Speaker, I would like to close where I started – by thanking the people of Saskatchewan for all they have done.

Mr. Speaker, we faced the pandemic—together.

We are reopening our province—together.

And we will build and recover—together.