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To: "Direct to Mayor and Council - DL"
CC: "City Manager's Correspondence Group - DL"
Date: 7/9/2020 8:50:23 AM
Subject: Federal Government's Fiscal Snapshot

Greetings Mayor and Council,

Finance Minister Bill Morneau has delivered an update on federal spending and economic projections linked to the government's response to the COVID-19 pandemic. The 168-page snapshot offers a short-term economic analysis and a detailed account of what the government has spent already to shore up the economy. It presents little in the way of a long-term plan to return the economy to pre-pandemic normalcy.

More than \$230 billion spent

- The report shows that since March the federal government has spent more than \$231 billion on health and safety measures, as well as direct aid to Canadians and businesses
- Of that figure, \$19.8 billion is considered spending for health and safety measures, and includes the \$14 billion earmarked to go to the provinces and territories for their "Safe restart" plans

Annual deficit

- The deficit for 2020-21 is expected to rise to \$343.2 billion from the \$34.4 billion deficit projected before the pandemic
 - A large amount of the additional deficit is attributed to the \$212 billion in direct support measures the federal government is providing to individuals and businesses, and the economic slowdown, which is estimated to have added another \$81.3 billion to the deficit
 - Beyond new spending, the deficit has been pushed higher by a significant dip in the amount of revenue that the federal government is expecting to collect this year. Personal income taxes alone are projected to dip by some 30 per cent and corporate taxes will be roughly 11 per cent lower.

GDP decline

- The Canadian economy is projected to shrink by 6.8 per cent this year before bouncing back by 5.5 per cent in 2021, making this crisis the worst economic contraction since the Great Depression

Debt-to-GDP ratio

- The federal debt-to-GDP ratio is expected to rise from 31 per cent in 2019-20 to 49 per cent in 2020-21

Job losses

- Between February and April, 5.5 million Canadians either lost their jobs or saw their work hours significantly reduced. These losses pushed the unemployment rate to 13.7 per cent in May – the highest rise on record – from a pre-crisis low of 5.5 per cent in January.

Canada Emergency Business Account (CEBA)

- As of July 3, 688,000 applicants have been approved for roughly \$27.41 billion in CEBA. The cost of the program is expected to rise to \$13.7 billion by the time it ends.

Canada Emergency Wage Subsidy (CEWS)

- The total estimated impact of the Canada emergency wage subsidy will be \$82.3 billion. That is an increase from the \$45 billion estimate provided by the government last month and reflects the proposed extension and broadening of eligibility for the program as the government winds down the Canada Emergency Response Benefit.

Canada Emergency Response Benefit (CERB)

- As of June 28, the CERB has provided over \$53 billion in benefit payments to 8.16 million Canadians. That amount is expected to rise to \$80 billion based on the eight-week extension and significant take-up of the program.

Canada Emergency Student Benefit (CESB)

- To date, it has provided over \$1.4 billion to over 600,000 applicants, which is expected to rise to \$5.2 billion by the time it winds down.

Best,
Sadhu

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Pronouns: he, him, his



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.