

Chapter 2

Financial Impacts of COVID-19 on the Province of Nova Scotia

Key Messages

- COVID-19 is projected to have a significant negative affect on the Province's finances
- The Province initially budgeted for a surplus of \$55 million and is now forecasting a deficit of \$853 million in 2020-21
- The Province reported \$120 million in 2019-20 and is forecasting \$460 million in spending in 2020-21 on COVID relief measures

Why We Did This Chapter

- COVID-19 has significantly affected people around the world, including here in Nova Scotia
- To provide Nova Scotians with highlights of government spending initiatives and revenue impacts related to COVID-19

Projected Financial Impacts to the Province

- Nova Scotia's economy is projected to shrink by 5.5% in 2020
- The Province is projecting an annual operating deficit of \$853 million in 2020-21
- The Province is forecasting a decrease of \$599.2 million in total Provincial revenue for 2020-21 from original estimates
- The Province's net debt is forecasted to increase by an additional \$1.2 billion during 2020-21 from what was initially budgeted
- The Province's net-debt-to-GDP is forecasted to increase by 5.6% from 2019-20

Increased Costs due to COVID-19: Reported and Forecasted

The Province introduced significant COVID-19 relief measures in 2019-20, including:

- Providing Dalhousie University \$100 million in 2019-20 to administer COVID-19 relief on the Province's behalf
- Offering \$151 million in government loan payment deferrals
- Deferring Student Loans for six months

The Province forecasts significant COVID-19 relief measures for 2020-21, including:

- Department of Health and Wellness forecasting \$331 million in COVID-19 costs
- Municipalities loan program projecting to provide \$380 million
- Universities receiving \$270 million in cash advances
- Infrastructure stimulus funding of \$228 million projected to stimulate the economy