**MEMO**
Canada’s Fiscal Snapshot: July 8th, 2020

BACKGROUND

Finance Minister Bill Morneau unveiled an economic and fiscal ‘snapshot’ on Wednesday, July 8, which takes the place of a federal budget. The report provides an overview of Canada’s COVID-19 response plan; outlines the current state of the federal deficit; the impact of spending on direct COVID-19 aid to Canadians; how Canada’s economic response to COVID-19 compares to other countries; and economic expectations for the coming months.

Prime Minister Justin Trudeau made an announcement on June 17 that Minister Morneau would present the snapshot after mounting pressure by opposition to provide some indication of the country’s financial outlook. This snapshot is the first economic update provided by the government since the December 2019 update.

🡪 <https://www.canada.ca/en/department-finance/services/publications/economic-fiscal-snapshot/summary.html>

 🡪 <https://www.cbc.ca/news/politics/bill-morneau-fiscal-update-budget-deficit-1.5641864>

MAIN POINTS: ECONOMY

“While the toll of COVID-19 on the broader economy in 2020 is expected to be the largest and most sudden economic contraction since the Great Depression, measures to flatten the pandemic curve in Canada are paying off, and efforts are underway across the country to safely and gradually reopen the Canadian economy.”

* 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
* GDP decline: The Canadian economy is projected to shrink by 6.8% this year before bouncing back by 5.5% next year
* Debt-to-GDP ratio: The federal debt-to-GDP ratio is expected to rise from 31% in 2019-20 to 49% in 2020-21
* Job losses: 5.5 million Canadians either lost their jobs or had significant reduction in work hours between February and April 2020. The unemployment rate rose to 13.7% in May 2020.
* Debt: The projected debt by March 2021 is $1.2 trillion, up from $765 billion this time last year.

MAIN POINTS: ASSISTANCE

* Canada Emergency Business Account (CEBA): 688,000 applicants have been approved, representing roughly $27.41 billion in loans.
* Canada Emergency Wage Subsidy (CEWS): The total estimated impact of CEWS in $82.3 billion.
* Canada Emergency Response Benefit (CERB): CERB has provided over $53 billion in benefit payments to 8.16 million Canadians. This is expected to rise to $80 billion.
* Canada Emergency Study Benefit (CESB): CESB has provided over $1.4 billion to over 600,000 applications. This is expected to rise to $5.2 billion.
* Support for Vulnerable Canadians: The government has provided various supports totaling over $1.2 billion for vulnerable Canadians.
* Support for Indigenous Communities: The government has provided various supports totaling over $1.2 billion for Indigenous communities.

WORKING WITH PROVINCES, TERRITORIES AND INTERNATIONAL INSTITUTIONS

* Provinces/Territories: The federal government recently announced it will invest approximately $14 billion to support provinces and territories in the safe reopening of the country’s economies over the next 6-8 months.
* G20 Comparison: Canada’s plan is among the most comprehensive of the G20 countries.
* International efforts: Canada has been working closely with its partners in the G7, the G20, international financial institutions, the World Trade Organization and other international organizations to support global economic stability.
	+ Canada committed to $120 million in support of the activities of the Access to COVID-19 Tools Accelerator.

OTHER ITEMS:

* Skills development: Commitment of $1 billion in 2020-21 to expand existing federal employment, skills development and youth programming to create jobs, placements and other training opportunities