

MERCER'S RESPONSE: NEWFOUNDLAND AND LABRADOR PROVINCIAL BUDGET

The Government of Newfoundland and Labrador tabled its 2017-2018 budget on April 6th, 2017. While operating in a time of financial restraint, the government appears to be targeting scarce resources toward two particular healthcare priorities – mental health and supporting seniors. With the aging population base in the province, and the growing understanding of the implications of mental illness on the well-being of families and communities, this focus makes sense.

Given the fiscal situation and the previous austerity budget, the fact that government is not targeting employers for additional revenue opportunities is encouraging.

THE BUDGET CONFIRMED:

- No new taxes or fees
- No increases to existing taxes or fees
- 75% reduction in Temporary Gas Tax in 2017
 - June 1st, 2017: A reduction of 8.5 cents per litre
 - December 1st, 2017: A reduction of 4.0 cents per litre
- Planned investments in the areas of Infrastructure, Industry and Business, Safe and Sustainable Communities, Healthy Living and Education

While these items will benefit taxpayers across the province, employers and plan sponsors will find a number of measures of particular interest.

INVESTMENT IN MENTAL HEALTH

- Through the Canadian Health Accord, Newfoundland and Labrador will receive an extra

\$73 million over 10 years for improved services that address mental health and addictions. An initial investment of \$1.4 million in 2017 will support mental health.

- \$7.5 million to advance the replacement of the Waterford Hospital
- \$5 million to start implementation of the recommendations of Towards Recovery: A Vision for a Renewed Mental Health and Addictions System for Newfoundland and Labrador

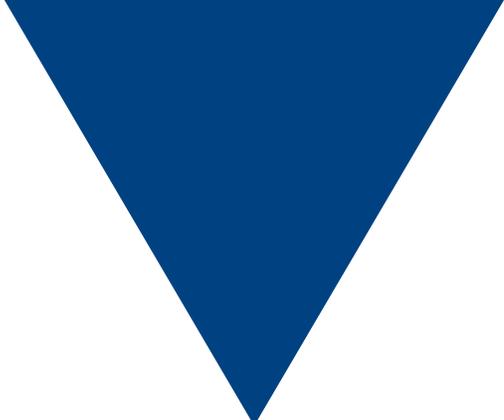
PREMIUM TAX REMAINS UNCHANGED

The government has announced that the current insurance premium tax of 5% will remain unchanged.

Note: premium tax is also applicable to most self-insured plans.

SENIORS AND AGING

- The Newfoundland and Labrador Income Supplement and Seniors' Benefit will be maintained through an additional \$120 million investment.
- Through the Canadian Health Accord, Newfoundland and Labrador will receive an additional \$87.7 million over 10 years for home and palliative care with an initial investment of \$2.9 million in 2017.
- \$2.5 million to establish a Home First Program to provide enhanced supports for home and community-based care.



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