

Budget

2009-2010

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Minister of Finance

Leadership for a Stronger Economy
Toward Self-Sufficiency

Budget 2009-2010

Published by:

Department of Finance
Province of New Brunswick
P.O. Box 6000
Fredericton, New Brunswick
E3B 5H1
Canada

Internet: www.gnb.ca/0024/index-e.asp

Tuesday, March 17, 2009

Cover:

Communications New Brunswick (CNB 5850)

Translation:

Debates Translation, Legislative Assembly

Printing and Binding:

Printing Services, Supply and Services

ISBN 978-1-55396-306-6

ISSN 0833-5680

Printed in New Brunswick



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Note: This printing of the Budget 2009-2010 reflects, on page 25, the addendum read into the record during the minister's budget speech, related to collective bargaining agreements reached over the previous few days leading up to the budget.

Introduction

Mr. Speaker, I am pleased to rise in this House today and table the 2009-2010 Budget. Today's budget builds on the initial plan that the government announced in December to respond to the prevailing economic and fiscal climate facing the province and to position our economy for recovery and growth. It continues the process of transformational change in the province through a balanced approach of strategic investments in infrastructure and essential public services, the largest one-time tax reduction package ever introduced in New Brunswick, and more efficient public services. And it provides strong, focused and determined leadership in the face of a sustained global economic and financial crisis.

Since our first day in office, this government has made progress on its *Charter for Change* goals of a more prosperous and populous province, providing help to those most in need and its commitment to setting the foundation for self-sufficiency. Since October 1, 2006, New Brunswick's population has increased by almost 2,900 as opposed to declining by just over 4,200 in the previous two-year period, resulting in a growing, more diversified labour force.

Strategic initiatives to date include:

- A new health plan that puts patients first, including reforming the Regional Health Authorities to make them more efficient and accountable and adding 116 more doctors and 140 more nurses;
- Transforming the K-12 education system with over 94 per cent of the 113 actions in Phase 1 of *When Kids Come First* being underway;
- Making post-secondary education more affordable and accessible to all New Brunswickers and adding 440 new community college seats in 2008-2009;
- Investing a record \$160 million in post-secondary education infrastructure over the next two years through our 2009-2010 capital budget, including over \$100 million for enhanced community college facilities in Edmundston, Saint John, Moncton and Bathurst;
- Helping those most in need by increasing social assistance rates by a total of eight per cent since October 2006, putting us much closer to our *Charter for Change* goal of raising rates to the average in Atlantic Canada;

- Improved senior care, including the removal of assets and savings from the calculation that determines a senior's ability to pay for nursing home and long-term care services;
- Helping families and individuals improve their standards of living by increasing New Brunswick's minimum wage from \$6.70 per hour when we took office to \$8.25 by September 1, 2009;
- An award-winning Asset Management System that recognizes how the province's existing roads and bridges deteriorate over time and identifies the appropriate time to perform rehabilitation work in order to avoid costly reconstruction of the asset in the future;
- And a new long-term management approach for Crown forests that balances ecological and economic priorities to build a globally competitive forest industry.

Mr. Speaker, in December our government was one of the first jurisdictions to outline a responsible proactive plan to address the global economic challenges we are now facing, and position our economy to recover and prosper. This initial plan was founded on strategic investments in infrastructure, lower taxes, access to capital and more efficient public services.

Today it is more important than ever that the province provide leadership to help New Brunswickers through the current economic downturn. That is why the focus of today's budget is a more extensive five-point plan to provide *Leadership for a Stronger Economy*. Building on the initial plan we started in December, key elements of today's budget and the broader five-point plan include the following:

1. A four-year plan to return to balanced budgets – *a commitment to fiscal responsibility*;
2. \$1.2 billion for infrastructure and support for businesses – *a bold fiscal stimulus plan and access to capital providing the foundation for jobs, growth and recovery*;
3. The Plan for Lower Taxes in New Brunswick – *a record one-time tax reduction plan that is a vital part of the government's long-term economic development strategy for job creation, economic growth and competitiveness*;
4. Investing in priorities including health and education – *preserving the social safety net for New Brunswickers*;

5. And responsible management of government expenditures – *providing sustainable public services efficiently and cost-effectively.*

All-in-all, the initiatives in the 2009-2010 Budget will build on the important actions the government has already undertaken to create a more compassionate, competitive and self-sufficient New Brunswick. And, they will help position the economy to recover and prosper.

Current Economic and Fiscal Environment

Mr. Speaker, the unprecedented downturn in world financial markets is contributing to a global economic slowdown not faced in over a generation. In a recent report, the International Monetary Fund projected world economic growth in 2009 to be the lowest in 60 years. Many advanced economies are in recession with little measurable upturn expected before late 2009 or 2010. The United States and Canadian economies are both expected to contract in 2009.

Both the United States and Canadian governments are anticipating significant multi-year fiscal deficits. As revenues decline from the previous year and an economic stimulus package inflates spending, Canada's recent federal budget projected a deficit of \$33.7 billion in 2009-2010. Deficits totaling an additional \$50 billion are projected over the following three years before an expected return to surpluses by 2013-2014.

New Brunswick, like other provinces, is not immune from these challenges, and the effects of the slowdown are being felt across our economy. It is affecting New Brunswick individuals, families and retirees. It is affecting important business decisions. And it is also affecting government, with significant implications on our revenues and spending.

It is anticipated that most – if not all – provinces will face deficits and increased debt over the next number of years as revenue growth is slowed by economic conditions while expenditure pressures persist. A number of provinces are now forecasting deficits in 2008-2009, including resource-rich Alberta. For 2009-2010, British Columbia is projecting a deficit. Ontario is projecting deficits totaling more than \$18 billion this year and next. This clearly shows that even the most affluent of Canadian provinces are not immune from the impact of global developments.

In this environment, government must take the leadership to support and grow the economy. But we must also be fiscally responsible. Today's budget provides the framework to achieve both.

Economic Review and Outlook

Mr. Speaker, I would now like to provide an update on the New Brunswick economy for 2008 and an outlook for 2009.

2008 Review

The New Brunswick economy is not immune from global economic conditions and began to feel the effects of the economic slowdown during the last three months of 2008 as employment, retail sales, manufacturing sales and exports weakened.

The Department of Finance estimates that led by strong gains in non-residential investment, real Gross Domestic Product (GDP) increased by one per cent in 2008. Large energy projects such as the Canaport LNG terminal and associated pipeline and the refurbishment of Point Lepreau, as well as strong growth in energy exports, were significant contributors to economic growth.

Most economic indicators for New Brunswick showed healthy gains in 2008, a result of a solid economic performance during the first nine months of the year. For example:

- Capital investment reached a new high in 2008, increasing by 2.2 per cent and topping \$6 billion for the second year in a row;
- More New Brunswickers were working in 2008 than ever before, as employment grew by 3,400 net new jobs;
- Average weekly earnings increased by 3.3 per cent for the year, averaging over 92 per cent of the national average;
- And retail sales grew by almost five per cent in New Brunswick, compared to 3.2 per cent for Canada.

2009 Outlook

Mr. Speaker, these are challenging times for our economy and this is reflected in our economic projections for 2009. The United States is our largest trading partner and has been in recession for over a year, and many Canadian provinces are facing declining economic growth. The decrease in the economic well-being of our major trading partners has weakened

demand for our products and services, and combined with a weak investment climate, will impact New Brunswick. The Department of Finance is projecting our economy to contract by 0.3 per cent in 2009, consistent with the consensus of private sector forecasters.

A modest decline in employment is anticipated in 2009 as the winding down of major projects in the construction, energy and manufacturing sectors takes hold and the global slowdown affects businesses here in New Brunswick. This will adversely affect growth in personal income and consumer spending.

Continued weakness in global commodity prices will hamper activity in New Brunswick's mining, forestry and manufacturing sectors in 2009. After three straight years of robust housing activity, New Brunswick's housing markets will also weaken.

Although the economy will struggle in 2009, the first year of our \$1.2 billion two-year capital investment plan will stimulate construction activity and create jobs around the province. *The Plan for Lower Taxes in New Brunswick* will also put more money into the hands of New Brunswickers and businesses to spend, save or invest. These factors will help support economic growth in New Brunswick in the coming year.

2008-2009 Fiscal Update

Mr. Speaker, I would now like to update the House on the fiscal situation in the current year. Last December, with global factors playing a major role the government projected a deficit of \$285 million for 2008-2009. Based on current information, we now anticipate a deficit of \$265.2 million for 2008-2009. Net debt is projected to increase by \$361.3 million this year.

Spending is now estimated to increase \$317.5 million from budget to \$7.403 billion. Of this, \$157 million is attributable to the estimated additional public sector pension expense related to the global financial market meltdown. This is a required accounting entry that government must make annually depending on the returns of its public sector pension funds.

Despite this, Mr. Speaker, I want to reassure employees of the New Brunswick public service that their pensions are safe and well-managed and will be there when they retire. I also want to make it clear to all New Brunswick taxpayers that the government will not offset these additional

costs through reductions to other important programs and services. That would not be the right thing to do. Over the long term, the financial markets will rebound and pension plan returns will recover.

Other spending pressures include:

- Additional funding of \$62.3 million to address cost and demand pressures in health and social development;
- Disaster financial assistance of \$28.5 million, largely as a result of the spring flood;
- And additional spending of \$17.3 million on strategic economic development initiatives by the Regional Development Corporation.

Revenue is now projected to be \$7.138 billion, \$33.3 million higher than budget. Over the past few months, the province has received positive prior-year adjustments related to harmonized sales tax and personal income tax that have increased revenue in 2008-2009. These have helped offset revenue shortfalls including a significant drop of \$87 million in metallic minerals tax revenue related to the rapid fall in world zinc prices in the latter half of the year, and reduced corporate income tax revenue related to overpayments in previous years.

2009-2010 Fiscal Outlook

Mr. Speaker, the implications of global economic and financial market developments on the province's fiscal situation will be more pronounced in 2009-2010.

Revenue growth in 2009-2010 will be hampered by the effects of the global slowdown on income and consumer spending, and weakened world markets and prices for New Brunswick manufacturing, forest and mining products. Revenues are estimated to decline 0.6 per cent in 2009-2010 from 2008-2009 revised estimates to \$7.097 billion. Revenue estimates reflect *The Plan for Lower Taxes in New Brunswick* that will be announced in detail today, as well as the complete phase out of the Large Corporation Capital Tax effective January 1, 2009.

Meanwhile, spending pressures continue to increase. The impact of weakened market returns on our pension expense and the increased costs of delivering social programs are major factors affecting the province's spending plan. For 2009-2010, spending will be \$7.838 billion.

Mr. Speaker, due to weakened market returns, the province's pension expense is estimated to add approximately \$300 million in spending pressure on the province's books in 2009-2010. Excluding the extraordinary pension expense, the province is facing a deficit of \$440.9 million for 2009-2010.

Overall, the province is anticipating a deficit of \$740.9 million, with net debt projected to increase \$968.7 million.

Four-Year Plan to Return to Balanced Budgets

Mr. Speaker, the government remains committed to the principles of balanced budgets and reducing the net debt-to-GDP ratio, as set out in the *Fiscal Responsibility and Balanced Budget Act*. However, in the current global economic and financial climate, we will not meet the objectives of the Act for the current four-year fiscal period 2007-2008 to 2010-2011.

The government will face significant deficits and increases in net debt as it confronts the challenges of one of the most significant global economic and financial crises in decades. We are not alone in this regard.

In the face of the economic slowdown, the government has a key leadership role to play in stimulating the economy and providing New Brunswickers with the support and confidence they need to weather the storm. It also provides us with a unique opportunity to build a stronger foundation for economic growth, recovery and future prosperity.

The government will not balance the budget this coming year on the backs of New Brunswickers by drastically cutting programs and services. That would have a significant negative effect on the economy. Returning to balanced budgets will require a multi-year strategy.

Today's budget presents a five-point plan that will achieve multiple objectives: it provides stimulus to grow our economy; it helps maintain and create jobs; it puts more money into the pockets of New Brunswickers; it increases our competitiveness; it protects essential public services; it realizes efficiencies in public service delivery; and it sets out a plan to grow the tax base and return to balanced budgets as soon as possible.

The government is announcing today a responsible four-year plan that will put us on the path towards balanced budgets by 2012-2013. It reflects

revenue projections that take into consideration growth estimates for the New Brunswick economy, and corresponding spending targets that will enable the province to address its fiscal challenge within four years.

Mr. Speaker, over the next few years, revenue growth will be impacted by the economic slowdown and the rollout of *The Plan for Lower Taxes in New Brunswick*. Revenues for 2009-2010 are projected to contract by 0.6 per cent relative to 2008-2009. For 2010-2011, the province is anticipating modest growth – in the range of three per cent prior to tax relief – as the economy begins to recover. For 2011-2012 and 2012-2013, the government is projecting that revenue will return to its growth track prior to the economic downturn – in the range of five per cent prior to tax relief – as the North American economy picks up steam and as possible major energy investment projects in New Brunswick unfold.

**Four-Year Plan to Return to Balanced Budgets
2009-2010 to 2012-2013
(\$ millions)**

	2009-2010 Estimate	2010-2011 Estimate	2011-2012 Estimate	2012-2013 Estimate
Nominal GDP Growth Conference Board (%)	0.7	5.1	5.1	5.0
Revenue	7,097	7,220	7,530	7,880
Expense	7,838	7,958	8,040	8,153
Surplus/ (Deficit)	(741)	(738)	(510)	(273)
Extraordinary Pension Expense	(300)	(300)	(300)	(300)
Surplus/(Deficit) Excluding Extraordinary Pension Expense	(441)	(438)	(210)	27

For purposes of the four-year fiscal plan, the government has excluded the extraordinary pension expense of \$300 million annually that is the result of global financial market turmoil. While this expense affects the province's bottom line results, pension plans are designed for the long-term and we expect volatility in the short-term. The government is not prepared to let this extraordinary downturn in the market affect decisions that it makes on the levels of taxation and services to New Brunswickers. As a result, we have excluded it for purposes of our four-year fiscal plan.

Within this context, the government has established spending targets that will enable it to return to a balanced budget position by 2012-2013. Spending will need to be constrained to less than two per cent growth annually over the 2010-2011 to 2012-2013 period.

To achieve these spending targets, the government will need to be disciplined and responsible. It will be challenging but it is absolutely necessary. Today's budget reflects our initial measures to begin to curtail spending, with a total of \$182 million in spending and wage restraint in 2009-2010 alone. Over the next three years, government will continue to prioritize its spending and realize further efficiencies in the delivery of public services.

Mr. Speaker, the consequences of the economic slowdown and the government's economic stimulus package will contribute to increases in the province's net debt over the next number of years. The government's two-year, \$1.2 billion capital investment plan will create jobs and grow our economy but it comes with a cost. Our lower tax plan will not only help stimulate the economy but it is vital to our long-term competitiveness and self-sufficiency. It too comes with a cost. The government has also made the conscious decision to return to balanced budgets over a four-year period, rather than undertake drastic reductions to programs and services. This is responsible fiscal management. It also comes with a cost. These are costs that the government is willing to pay to stimulate the New Brunswick economy and position it for recovery.

While the province is facing increases in its net debt and its net debt-to-GDP ratio over the next few years, we are not in uncharted waters. By the end of our four-year plan, we anticipate the net debt-to-GDP ratio to be in the

33 per cent range and declining once again. This is below levels that were commonplace in New Brunswick only a decade ago.

Mr. Speaker, our four-year plan to return to balanced budgets can also be described as a debt containment plan. As we return to balanced budgets, the resulting increase in the province's net debt will moderate. And once we return to balanced budgets, our next order of business will be reducing the province's net debt.

It is important that government have a plan and establish credible targets. That is what we are doing today. We will update this plan annually, to make certain that it reflects the economic and fiscal realities we are facing, and to ensure that government returns to balanced budgets as soon as possible.

The four-year fiscal plan to return to balanced budgets that we have outlined today will provide credit rating agencies with the reassurance that this government is serious about fiscal responsibility, managing spending, balanced budgets, and addressing net debt as we move forward.

\$1.2 Billion for Infrastructure and Support for Businesses

Mr. Speaker, this government recognizes the importance of investing in strategic infrastructure if we are to stimulate, grow and diversify our economy in this time of economic uncertainty. It was a major element of our initial economic plan released in December.

At that time, the government tabled the province's 2009-2010 capital budget, the first year of a record two-year capital investment plan exceeding \$1.2 billion. In 2009-2010, the capital budget will result in an estimated 6,000 person-years of employment. My colleagues in this House have detailed many of the record-breaking investments in transportation and post-secondary education, as well as strategic investments in the K-12 school system, health care facilities, and in municipal, tourism and environmental infrastructure. These investments will not only provide a boost to the economy in these uncertain times, they will provide New Brunswickers with new and upgraded public infrastructure well into the future and put us further on the path to self-sufficiency.

This government is working aggressively with the private sector and other levels of government in encouraging additional strategic investments in the economy. In mid-February, the premier and a number of ministers met their

federal counterparts in Ottawa. The government made it known that it is ready to partner with the federal government in order to access funding announced in the recent federal budget. The province continues to be engaged in discussions with the federal government to leverage as much funding as possible for investments in projects that we have already announced or new projects that would benefit our province. New Brunswick will continue to pursue its fair share and work with other parties to further enhance our infrastructure and improve the long-term competitiveness of our economy for the benefit of all New Brunswickers.

Access to capital is one of the keys for businesses to grow and invest to become more competitive. The current global financial crisis has led to many firms not having access to traditional capital markets or financial institutions. This government will help ensure that New Brunswick businesses with good financial histories and solid business plans are able to access the capital they need to grow, create jobs and strengthen the provincial economy.

The Plan for Lower Taxes in New Brunswick

Mr. Speaker, the government committed to lower taxes in its December economic plan. Today, I am pleased to announce *The Plan for Lower Taxes in New Brunswick*, to be phased in between 2009 and 2012, that will result in \$143.5 million in tax savings for New Brunswick residents and businesses in 2009-2010 alone, growing to \$380.2 million by 2012-2013. This is an unprecedented plan for lower taxes in New Brunswick and provides the largest one-time tax reduction package ever introduced in New Brunswick.

The fundamental purposes of providing tax relief for New Brunswick individuals and businesses are:

- To leave more money in the pockets of New Brunswickers to save, invest and spend as they choose;
- And to help New Brunswick companies stay in the province and grow, and to attract outside investment, creating meaningful jobs for our children to remain or return to work right here in New Brunswick.

Combined with the long-term benefits, *The Plan for Lower Taxes in New Brunswick* provides economic stimulus during these challenging times. The lower taxes provided in this budget will help maintain and create jobs for our residents, and grow the tax base to enable the province to maintain and

enhance important public services such as health care, education and social programs.

Lower Personal Income Taxes

Mr. Speaker, today's budget reflects a four-year plan to reform the province's personal income tax system that will result in considerably lower taxes for New Brunswickers. These tax reductions will improve the province's overall competitiveness and will help to attract higher paying jobs and highly skilled workers to the province.

The cornerstone of our personal income tax reform plan is the move from the existing four-rate, four-bracket structure to a two-rate, two-bracket personal income tax structure. By 2012, the existing four-rate personal income tax structure will be replaced with two rates of nine per cent and 12 per cent. The new two-rate system is more supportive of income growth and job creation and is also less complicated. It will result in personal income tax savings of \$118 million in 2009-2010 and an estimated \$323 million by 2012-2013.

Mr. Speaker, the government is also implementing measures that will provide tax relief to low and middle-income earners. Currently, the Low-Income Tax Reduction is phased out at five per cent of income. For 2009 this will be reduced to four per cent and subsequently it will be phased out at three per cent, providing \$13 million in tax relief to low and middle-income individuals and families annually.

Today's budget announces that the Low-Income Seniors' Benefit will be enhanced by increasing the benefit amount from \$200 to \$300 in 2009, and the government will fulfill its *Charter for Change* commitment by increasing the Low-Income Seniors' Benefit to \$400 in 2010. This measure will provide additional tax relief of \$3.5 million in 2009-2010, rising to \$7.4 million for 2010-2011.

In order to attract and retain the skilled workers that New Brunswick requires to grow its economy, the 2009-2010 Budget is also enhancing the Tuition Rebate by doubling the maximum lifetime rebate from \$10,000 to \$20,000 and the maximum annual rebate from \$2,000 to \$4,000. The estimated additional savings to New Brunswick individuals is \$2 million in 2009-2010. The enhancements to this program will make New Brunswick

more attractive to students facing higher tuition costs, including those in health care professions.

Taxpayers paying medical or disability-related expenses on behalf of a dependent relative may claim those expenses under the medical expense tax credit. Currently, the maximum eligible amount that can be claimed on behalf of such a dependent relative in New Brunswick is \$5,000. With this budget, we are doubling this eligible maximum to \$10,000, effective for the 2009 taxation year.

Lower Taxes for New Brunswick Businesses

Today's budget also announces tax relief for New Brunswick businesses totaling an estimated \$20 million in 2009-2010, growing to \$44 million by 2012-2013.

To assist New Brunswick in becoming much more attractive for businesses to invest, grow and create more jobs, the general corporate income tax rate will be reduced from 13 per cent in 2008 to eight per cent in 2012. A New Brunswick general corporate income tax rate of eight per cent will surpass the federal government's target for provinces to reduce corporate income tax rates to 10 per cent by 2012 and will make it the lowest rate in the country based on known provincial rates. Effective July 1, 2009, the general corporate income tax rate will decline from 13 per cent to 12 per cent, providing an estimated \$6 million in tax relief for New Brunswick businesses in 2009-2010. The general corporate income tax rate will be lowered each July 1 until the rate reaches eight per cent on July 1, 2012, providing \$37 million in tax relief in 2012-2013.

This budget also provides additional tax relief for the small business sector. The measures announced today not only provide direct tax savings, they improve the access to capital for small and medium-sized enterprises.

Effective January 1, 2009, the small business limit will be increased from \$400,000 to \$500,000. With this increase, New Brunswick will now be tied for the highest small business limit in Canada. It is estimated that this measure will put approximately \$1 million back into the hands of small businesses across the province.

A large portion of New Brunswick small businesses are not incorporated and their income is taxed as personal income. This means that the significant

cuts being made to personal income tax will have a very positive effect on small business in the province, allowing them to keep more of their money to re-invest in their businesses and grow and create more jobs.

Also, to help encourage investment by New Brunswickers in New Brunswick small and medium-sized businesses, the budget provides the following measures. First, effective for investments made after March 17, 2009, the Small Business Investor Tax Credit will be enhanced by increasing the maximum investment eligible for the credit from \$80,000 to \$250,000. This increases the maximum tax credit from \$24,000 to \$75,000 per year. There will also be amendments to allow a larger number of investors to participate in an investment project.

Second, the Labour Sponsored Venture Capital Tax Credit (LSVC) will be enhanced by increasing the tax credit rate from 15 per cent to 20 per cent and doubling the maximum investment that qualifies for the LSVC tax credit from \$5,000 to \$10,000. These measures will apply to shares purchased after March 17, 2009. To ensure that small and medium-sized businesses gain the maximum benefit from these enhancements, amendments will be made to provide for timely and greater investment of LSVC dollars in New Brunswick.

Together, these two measures will provide additional tax relief worth \$3 million in 2009-2010, and this will double by 2012-2013. The initial benefits of these credits flow to individuals; however, the real benefit is improved access to capital for small and medium-sized businesses.

Mr. Speaker, one of the key pillars of our *Charter for Change* is in stimulating the development of New Brunswick as an energy hub. Today, I am announcing that this government will introduce an incentive for the energy sector to help encourage growth in this critical component of the economy. Government will consult with industry and it is government's plan to provide this incentive for qualifying projects as support to the energy hub by the 2010 taxation year.

Given the on-going challenges in our important forestry sector, I am also announcing today that the High Energy Use Tax Rebate will be extended for an additional year and a Forestry Industry Investment Tax Credit will be offered for one year. The High Energy Use Tax Rebate, available to pulp and paper mills to offset rising energy costs, will be extended until

March 31, 2010 and will provide an estimated \$5 million in assistance to help offset energy cost increases of up to three per cent over the previous year. The Forestry Industry Investment Tax Credit will provide for a rebate of 50 per cent of capital investments in qualifying manufacturing and processing equipment that will offset a maximum of 50 per cent of provincial property taxes paid. This credit will provide an estimated \$5 million in assistance to qualifying forestry companies across the province in 2009-2010.

Mr. Speaker, the tax measures I have announced today will considerably improve New Brunswick's competitiveness and will move us forward on our self-sufficiency plan. They will also help stimulate the economy and position us for even stronger economic growth as we recover from the current economic slowdown.

Property Tax Accountability

Mr. Speaker, the issue of escalating property tax revenues has become an increasing concern for many New Brunswickers in recent years. To help address the issue and make property tax revenue increases more transparent, this budget introduces a mechanism to improve the accountability to taxpayers for both provincial and municipal property taxes.

Under this mechanism, municipalities and the province will continue to benefit from increased property tax revenues from growth in the assessment base associated with:

- New construction;
- And market value increases up to inflation.

However, to gain access to the revenues associated with assessment base growth exceeding the total for new construction, plus the market value increase up to inflation, each municipality and the province will be required to put any proposed tax increase forward publicly at municipal council or the Legislature. The mechanism will not apply when assessment bases decline. It is important to note that this mechanism applies to municipal and provincial property tax rates; it does not affect assessments for individual properties.

Mr. Speaker, today I have tabled a document entitled *The Plan for Lower Taxes in New Brunswick*. This document provides additional details on the

tax measures I have outlined. I want to assure New Brunswickers that I will introduce legislation covering all aspects of the entire four-year plan including the rate reductions for both personal and corporate income taxes during this session of the Legislature. This means that *The Plan for Lower Taxes in New Brunswick* will be fully implemented and provides the largest one-time tax reduction package ever introduced in New Brunswick.

Investing in Priorities Including Health and Education

Mr. Speaker, I would now like to talk in further detail about the 2009-2010 spending plan. Today's plan includes continued funding to support essential programs and services including those that the government has introduced over the past two and a half years. It includes some new, strategic investments. And it reflects year one of our multi-year initiative to manage public sector spending more efficiently and effectively.

Despite the current economic conditions, it is important that we not lose sight of our objectives, our goals and our priorities. In these difficult times, government must prioritize and focus its spending in order to maintain fiscal responsibility.

For 2009-2010, the ordinary account budget for the Department of Health will increase by \$65 million over revised 2008-2009 estimates, to a record \$2.3 billion. This includes increased funding levels for the New Brunswick Prescription Drug Program and Hospital Services.

Mr. Speaker, the government is increasing the New Brunswick Prescription Drug Program dispensing fee for the first time in seven years. Retroactive to January 1, 2009, the dispensing fee will be increased by \$0.50, with a second increase of \$0.50 effective September 1, 2009. Today's budget invests \$2.5 million to support this program.

Pharmacists are essential primary care providers to New Brunswickers and are supporting several new initiatives including Pharmacists Prescribing, implemented in October 2008, and work on developing a Medication Review Program.

A coordinated and integrated provincial trauma system will ensure the timely availability of high-quality trauma care to all citizens of New Brunswick. The government will invest \$2.5 million in 2009-2010 to hire

and train staff to support this initiative and establish a registry and a 1-800 phone line.

Since taking office, the government has made significant investments in our social safety net and senior care. Today is no different.

Today's budget supports *Be Independent. Longer*, our 10-year strategy to strengthen the long-term care system and to help seniors live independently for as long as possible. New or enhanced investments in strategic initiatives in long-term care include:

- An additional \$1.6 million for continued investments to improve access to long-term care services, such as enhanced home support beds, and subsidized home support services to a maximum of 336 hours per month;
- \$3 million for the opening of two new 72-bed nursing homes in Riverview and Quispamsis this fiscal year;
- And to further recognize the value of the work and contribution of in-home support workers, this budget includes \$2.2 million to increase the hourly rate paid to home support agencies from \$13.61 per hour to \$14.26 per hour, effective April 1, 2009.

For individuals with disabilities, the provision of care services and access to essential equipment will be improved with a \$1 million investment to enhance health benefits for eligible individuals who require ventilation devices.

Mr. Speaker, all around the province, New Brunswickers are talking about preventing and reducing poverty. Through the Poverty Reduction Initiative, more than 1,500 citizens have already reflected on the issues and suggested creative ideas on how individuals, community organizations, business and government can collaborate to address poverty. Although the responsibility for action will not rest solely with government, we do recognize that action will be required. This budget also includes \$2.8 million towards poverty reduction in the coming year.

Recognizing the vital importance of better protecting children and enhancing services for families, this budget includes \$1.4 million for child welfare services to continue to support the redesign of the child protection system. This budget also includes \$800,000 in additional operating funding for

23 grant-funded children's residential facilities in the province that support youth with specialized and complex needs.

Mr. Speaker, the Department of Post-Secondary Education, Training and Labour ordinary account budget will increase by \$32.9 million over revised 2008-2009 estimates to \$298.2 million.

In June 2008, this government released *Be inspired. Be ready. Be better. The Action Plan to Transform Post-Secondary Education in New Brunswick* to ensure that post-secondary education in New Brunswick is affordable and accessible. The 33 actions included in the plan represent our commitment to ensure the post-secondary system meets our goal of better preparing our citizens for tomorrow's economic and social challenges.

The action plan provided specific direction regarding community colleges, universities, student debt and overall system coordination, and the initiatives which I am announcing today will accelerate putting the plan into action. In the past few months since the plan was released, we have already announced a record-breaking \$160 million in capital investments in universities and community colleges.

We have also committed to respect linguistic duality in post-secondary affairs and announced that the head office for the francophone Collège communautaire du Nouveau-Brunswick will be in Bathurst, and the head office for the anglophone New Brunswick Community College will be in Fredericton.

I am pleased to announce today that we are investing \$20 million in Phase Four of the University Infrastructure Trust Fund, bringing our total contribution to \$55 million since its establishment.

This afternoon, we are further demonstrating our commitment to post-secondary education in New Brunswick by investing \$25.9 million to transform our current system.

To continue paving the road to a re-profiled community college network with a modern and autonomous system, we are adding 500 community college seats in 2009-2010, bringing to 940 the number of new seats we have added in the last two budgets. We are also providing extra funds for additional apprenticeship training and support.

Mr. Speaker, we all know that the cost of a university education has been out of reach for many New Brunswickers. To help ease the burden on our students, I am proud to inform the House that this government will work with the province's four publicly-funded universities to ensure there is no increase in tuition costs for a second consecutive academic year in 2009-2010.

We are also redirecting funding for the one-time \$2,000 grant for full-time, first-year students entering a publicly-funded university to initiatives that help more students. In order to help curb student debt loads, we are implementing the Debt Reduction for Timely Completion Benefit. This measure will assist graduates with a high student debt who complete their program of study at a publicly-funded post-secondary educational institution within the program's established timeline. This means that up to 100 per cent of their provincial student loan in excess of \$26,000 will be forgiven for a first undergraduate degree, certificate or diploma earned after April 1, 2009. This initiative, Mr. Speaker, will help shift the current New Brunswick average student debt of \$34,000 closer to the national average of \$24,000.

Another new initiative aimed at helping graduates who struggle to repay their student loans is the availability of the new Repayment Assistance Plan, also known as RAP. Mirrored from the federal Repayment Assistance Plan, the program provides for both income-based repayment options and forgiveness of loan balances that are outstanding after 15 years of repayment.

With these measures, in combination with the enhanced Tuition Rebate that I announced earlier today, the government is taking action to address the important issues of the cost of post-secondary education and student debt.

Mr. Speaker, this budget contains an additional \$6 million to further advance *The Action Plan to Transform Post-Secondary Education in New Brunswick*. We will dedicate \$3 million to improving access and increasing participation in post-secondary education to ensure the system is more responsive to the needs of students, particularly from groups currently underrepresented in post-secondary education.

The remaining \$3 million will be invested in specific measures outlined in the action plan, focusing on four priority areas: international student

recruitment; improved credit transferability; increased research and graduate studies; and collaboration between universities, community colleges and communities.

In addition, the ordinary account budget for the Department of Education will reach a record \$963 million in 2009-2010, providing quality education services in our K-12 school system.

Mr. Speaker, investment in strategic infrastructure to move us toward our goal of self-sufficiency is more than bricks and mortar, water systems and highways. Having access to high-speed Internet across all areas of the province is important to our economic development. Approximately 10 per cent of businesses and homes in the province, mostly located in rural or low population density areas, do not currently have high-speed access.

In partnership with New Brunswick-based Barrett Xplore Inc., today's budget includes \$8 million as part of a \$13 million two-year commitment towards the cost of building the necessary infrastructure to deliver high-speed Internet by July 2010 to those who do not currently have access. This will create jobs and encourage the use of the technology by allowing people to work from home, provide access to on-line learning opportunities and help small businesses grow and compete. New Brunswick will be one of the first jurisdictions in North America to provide such comprehensive access.

Our government recognizes that securing and diversifying the supply of wood from Crown lands is vital to the long-term survival of the forestry industry in many communities across the province. This budget contains an additional investment of \$4.7 million in Crown land silviculture beginning in 2009-2010, bringing our annual investment in this program to \$26 million. The government is committed to working with the forest industry on developing performance measurement and accountability standards related to silviculture operations on Crown land.

Responsible Management of Government Expenditures

Mr. Speaker, government efforts to examine program spending and identify efficiencies began in earnest last fall as cabinet committees were formed to undertake an extensive program review to ensure programs are efficient, affordable and relevant.

Following this review, the government has made tough but responsible choices to help make certain that transforming the province and investing in self-sufficiency are done in a fiscally responsible manner. While these decisions were difficult, they are necessary as we strive to deliver more efficient public services and return to balanced budgets as soon as possible.

In 2009-2010, program and administrative savings and changes to the government's wage policy will result in expenditure savings of \$182 million. These savings will restrain overall spending growth and allow the government to focus its resources in priority areas.

Mr. Speaker, this government believes in leading by example. That is why I announced in December that salaries for all MLAs in this Legislative Assembly will be frozen at their current level for one year. Today, I am extending this freeze for the 2010-2011 fiscal year.

Mr. Speaker, the government values our public service, which is among the best in the country. But at the same time, we must all share in the responsibility of managing our public finances during this difficult economic period. Public sector wages make up a significant portion of government spending and today I am announcing a new wage restraint policy that will freeze wages for two years and apply to all unionized and non-unionized employees in Parts I, II, III, and IV of the public service.

This new wage restraint policy includes:

- A wage freeze on base salaries for all management and non-unionized employees from April 1, 2009 to March 31, 2011;
- Effective March 17, 2009, all expired collective bargaining agreements for which no replacement agreement has been signed will be re-negotiated for a two-year term with no wage increases during that period;
- And all signed collective agreements will be honored, but at their expiration, they will be re-negotiated for a two-year term with no wage increases during that period.

Mr. Speaker, I am pleased to announce today that over the past few days the Province and the New Brunswick Union and New Brunswick Nurses Union have signed four collective agreements that include the province's new wage

restraint mandate of a two-year freeze on wages and monetary benefits for public servants.

The New Brunswick Association of Nursing Homes has also conducted extensive negotiations over the past few days and has signed collective agreements with the New Brunswick Nurses Union and the New Brunswick Union which commit to a two-year freeze on wages and monetary benefits for their nursing home employees.

When the Premier met with the public sector unions on March 12, 2009, he asked them to be part of the solution, and work with government during these difficult times. I am pleased to say that the New Brunswick Nurses Union and the New Brunswick Union have responded to that call to action.

Mr. Speaker, all crown corporations, including NB Power, NB Liquor Corporation and the New Brunswick Investment Management Corporation, along with nursing homes, will be directed to adopt a similar wage restraint program.

Universities and municipalities receive significant financial support from New Brunswick taxpayers. The government anticipates these entities will take the appropriate steps to manage their wage bills in a manner similar to the province. Grants to universities and municipalities will be adjusted in future years to reflect this expectation.

It is our intent to implement the wage restraint policy through negotiation; however, if necessary, this government is prepared to introduce legislation limiting the wage increases that can be obtained through collective bargaining negotiation to zero per cent.

The wage restraint policy is estimated to save approximately \$55 million in 2009-2010, with estimated savings of \$150 million by 2012-2013.

Today I am also announcing a hiring freeze for the provincial public service.

Mr. Speaker, program and administrative savings will also be realized across all departments of government, with each department's base budget being reduced. A number of departments, however, will see increased spending over last year due to cost and inflationary pressures, previous program commitments and new, priority initiatives.

Expenditure restraint savings will result in the elimination of some programs and services including: the beginning teacher induction program; the court social worker program; the small claims court; the manure stewardship program; grants to district planning commissions; discontinuing harvest coordinator services for First Nations harvest agreements; and eliminating winter services at the Mactaquac Provincial Park.

Expenditure reductions in the Department of Transportation will result in the discontinuing of river ferry services in Gagetown, Hampstead and Belleisle, the conversion of a number of maintenance divisions to winter maintenance only, and some division closures. The Department will also be discontinuing the winter plowing of church and community yards, reducing maintenance services on non-designated roads, making seasonal adjustments to the Deer Island Ferry schedule and announcing revisions to winter maintenance policies and practices.

Expenditure restraint will also result in reduced spending in a number of programs and services including: the rabies control program; the Student Employment and Experience Development Program; the commercial vehicle enforcement program; tourism marketing; the grant to the standardbred horse industry for purse enhancements; and the e-Health program. As well, funding will be reduced for the student laptop program, student busing, distance learning, support to school libraries and school intervention services. Funding will be reduced for the Protected Natural Area Management Program, the Crown Reserve Angling Program and the Legal Aid Services Commission.

Every effort will be made to minimize the impact on the public sector as departments implement cost-saving measures. However, it will not be possible to protect all jobs, and it is estimated approximately 700 positions will be eliminated across government in 2009-2010. As government continues to realize efficiencies in service delivery, there will be further downsizing of the civil service. At the same time, New Brunswickers should rest assured that the delivery of key public services will not be affected by these measures.

Mr. Speaker, the government has also increased a number of fees for 2009-2010 as it moves towards greater cost recovery. In total, \$18 million in additional revenue will be raised through fee increases this year. In large

part, fee increases for this year were identified in the first *Annual Report on Fees*, filed with the Clerk of the Legislature this past January. This met a commitment contained in the *Charter for Change* to bring fee changes to the Legislative Assembly for public debate, and to provide suitable notice of upcoming changes to the public. I am also announcing today that we will soon be filing notice with the Clerk of a new ambulance transport fee, taking effect July 1, 2009, which will recover an estimated \$6 million in operational costs.

I am also announcing today that, only for those nursing home residents with the means, the maximum daily rate will be raised from \$70 to \$83 effective May 1, 2009, to reflect increases in room and board costs.

More efficiently managing public services is not a one-year exercise. As I noted earlier, this is only year one of a multi-year initiative. It will require annual diligence in order to return the province to balanced budgets within four years. Government will continue to review its programs and services to make the public sector more efficient, and will soon turn its focus towards the 2010-2011 Budget. In addition, the shared-services review announced in last year's budget is ongoing, and it is anticipated that considerable cost-savings will result. The government will use all means possible – including attrition and retirement – to minimize the impact on our public servants.

Further details on the 2009-2010 spending plan and spending restraint measures within departments will be presented by my colleagues as their estimates are debated in this House over the coming months.

Conclusion

Mr. Speaker, with our 2009-2010 capital budget and today's budget, the government has begun to address the very serious economic and financial circumstances it is now facing by launching a bold and comprehensive plan to stimulate economic activity in 2009-2010 and beyond and build towards self-sufficiency. The government has also set out a four-year plan to return to balanced budgets by 2012-2013. This will require more efficient public services, a path that the province has started on with this budget.

The Plan for Lower Taxes in New Brunswick announced today – a four-year plan that will see a two-rate personal income tax system of nine per cent and 12 per cent and a general corporate income tax rate of eight per cent once fully implemented – will make New Brunswick one of the most competitive

jurisdictions in Canada. It will reduce our tax burden and leave more money in the hands of New Brunswickers and businesses to spend, invest and grow the economy. It will also bring people and jobs to the province.

Combined with the government's two-year \$1.2 billion capital plan, this will help provide the economic stimulus to recover from the current economic slowdown and accelerate our path to a more self-sufficient New Brunswick.

It is also important in this time of economic crisis that we continue to work with our federal, provincial and territorial and municipal counterparts to lessen the effects of global economic and financial developments. Only by working together can all levels of government ensure investments are targeted correctly to provide the best value for our tax dollars.

Today's budget will help improve the province's long-term competitiveness, but it is only part of the leadership we will provide to help New Brunswick recover, grow and prosper. Since our first day in office, this government has demonstrated its commitment to investing in the fundamentals that will generate sustainable economic growth and development, grow the population and create skilled, well-paying jobs for New Brunswickers.

Mr. Speaker, we have great confidence in New Brunswickers' ability to be innovative, to work collectively and to be successful in these challenging times. We are confident that the actions we have taken will position New Brunswick for an economic recovery that will accelerate the transformation of our province towards self-sufficiency, improve our long-term competitiveness and secure not only our own economic future, but that of our children who will be in this province in the years to come.

Thank you, Mr. Speaker.

APPENDIX: SUMMARY BUDGET INFORMATION

COMPARATIVE STATEMENT OF SURPLUS OR DEFICIT

Thousands

\$

Year Ending March 31

	2009 Estimate	2009 Revised	2010 Estimate
Revenue			
Ordinary Account.....	6,671,622	6,683,887	6,612,293
Capital Account.....	115	235	215
Special Purpose Account.....	52,198	63,927	60,047
Special Operating Agency Account (net).....	126,950	127,821	160,127
Sinking Fund Earnings.....	224,800	232,300	234,100
Amortization of Deferred Capital Contributions.....	<u>28,666</u>	<u>29,456</u>	<u>30,553</u>
Total Revenue	7,104,351	7,137,626	7,097,335
Expense			
Ordinary Account.....	6,565,526	6,859,230	7,219,773
Capital Account.....	81,160	93,583	123,894
Special Purpose Account.....	53,632	62,060	63,681
Special Operating Agency Account (net).....	115,498	118,299	147,887
Amortization of Tangible Capital Assets.....	<u>269,507</u>	<u>269,628</u>	<u>282,979</u>
Total Expense	7,085,323	7,402,800	7,838,214
Surplus (Deficit).....	<u>19,028</u>	<u>(265,174)</u>	<u>(740,879)</u>

COMPARATIVE STATEMENT OF CHANGE IN NET DEBT

Thousands

\$

	Year Ending March 31		
	2009 Estimate	2009 Revised	2010 Estimate
Surplus (Deficit).....	19,028	(265,174)	(740,879)
Acquisition of Tangible Capital Assets.....	(404,807)	(386,666)	(537,466)
Amortization of Tangible Capital Assets.....	269,507	269,628	282,979
Revenue Received to Acquire Tangible Capital Assets.....	26,669	50,319	57,206
Amortization of Deferred Capital Contributions.....	<u>(28,666)</u>	<u>(29,456)</u>	<u>(30,553)</u>
(Increase) Decrease in Net Debt.....	<u>(118,269)</u>	<u>(361,349)</u>	<u>(968,713)</u>

TOTAL REVENUE
2009-2010
Thousands
\$

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY ACCOUNT (NET)</u>	<u>TOTAL</u>
Agriculture and Aquaculture	7,195	0	0	0	7,195
Business New Brunswick	9,891	20	0	0	9,911
Education	26,402	0	22,551	0	48,953
Energy	370	0	0	0	370
Energy Efficiency and Conservation Agency of New Brunswick	499	0	0	0	499
Environment	4,528	0	6,700	0	11,228
Finance	5,765,071	0	56	0	5,765,127
Fisheries	1,778	0	0	0	1,778
Health	44,438	0	1,370	0	45,808
Justice and Consumer Affairs	49,356	0	449	0	49,805
Legislative Assembly	467	0	0	0	467
Local Government	212	0	0	0	212
Natural Resources	82,308	40	2,798	0	85,146
Office of the Attorney General	133	0	0	0	133
Office of the Comptroller	175	0	0	0	175
Other Agencies	298,333	0	0	0	298,333
Post-Secondary Education, Training and Labour	138,349	0	2,603	30,190	171,142
Public Safety	121,554	0	6,887	6,451	134,892
Regional Development Corporation	0	0	0	120,188	120,188
Social Development	51,905	50	12,277	0	64,232
Supply and Services	859	5	2,466	0	3,330
Tourism and Parks	3,233	0	79	2,798	6,110
Transportation	5,229	100	0	500	5,829
Wellness, Culture and Sport	8	0	1,811	0	1,819
Sub-total	6,612,293	215	60,047	160,127	6,832,682
Sinking Fund Earnings					234,100
Amortization of Deferred Capital Contributions					30,553
TOTAL REVENUE					<u>7,097,335</u>

COMPARATIVE STATEMENT OF ESTIMATED GROSS REVENUE BY SOURCE

Thousands

\$

Year Ending March 31

	2009	2009	2010
	Estimate	Revised	Estimate
Taxes			
Personal Income Tax.....	1,266,000	1,324,000	1,224,000
Corporate Income Tax.....	183,000	111,100	171,600
Metallic Minerals Tax.....	100,000	13,000	19,000
Provincial Real Property Tax.....	382,900	380,000	404,000
Harmonized Sales Tax.....	950,000	1,058,200	999,000
Gasoline and Motive Fuels Tax.....	199,000	199,000	199,000
Tobacco Tax.....	80,000	109,000	90,000
Pari-Mutuel Tax.....	65	65	65
Insurance Premium Tax.....	40,200	41,100	41,492
Real Property Transfer Tax.....	6,400	6,600	6,800
Large Corporation Capital Tax.....	14,000	14,000	0
Financial Corporation Capital Tax.....	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Sub-total: Taxes	<u>3,228,565</u>	<u>3,263,065</u>	<u>3,161,957</u>
Return on Investment	370,113	367,677	261,835
Licences and Permits	101,256	106,093	114,762
Sale of Goods and Services	232,423	232,764	248,831
Royalties	70,950	74,850	73,095
Fines and Penalties	7,943	8,445	8,395
Miscellaneous	<u>26,748</u>	<u>28,134</u>	<u>26,236</u>
TOTAL: OWN SOURCE REVENUE	<u>4,037,998</u>	<u>4,081,028</u>	<u>3,895,111</u>
Unconditional Grants – Canada			
Fiscal Equalization Payments.....	1,583,800	1,583,800	1,689,000
Canada Health Transfer.....	532,500	529,200	557,000
Canada Social Transfer.....	238,000	234,900	242,100
Wait Times Reduction Transfer.....	0	0	5,575
Other.....	<u>1,938</u>	<u>1,938</u>	<u>1,938</u>
Sub-total: Unconditional Grants – Canada	<u>2,356,238</u>	<u>2,349,838</u>	<u>2,495,613</u>
Conditional Grants – Canada	277,386	253,021	221,569
TOTAL: GRANTS FROM CANADA	<u>2,633,624</u>	<u>2,602,859</u>	<u>2,717,182</u>
TOTAL: GROSS ORDINARY REVENUE	<u>6,671,622</u>	<u>6,683,887</u>	<u>6,612,293</u>

TOTAL EXPENSE
2009-2010
Thousands
\$

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY ACCOUNT (NET)</u>	<u>TOTAL</u>
Agriculture and Aquaculture	36,786	400	0	0	37,186
Business New Brunswick	56,828	0	0	0	56,828
Education	963,177	0	22,551	0	985,728
Energy	3,680	0	0	0	3,680
Energy Efficiency and Conservation Agency of New Brunswick	14,592	0	0	0	14,592
Environment	13,314	0	8,500	0	21,814
Executive Council Office	5,521	0	0	0	5,521
Finance	12,364	0	56	0	12,420
Fisheries	4,836	0	0	0	4,836
General Government	869,633	0	0	0	869,633
Health	2,302,671	0	1,410	0	2,304,081
Intergovernmental Affairs	3,465	0	0	0	3,465
Justice and Consumer Affairs	40,135	0	449	0	40,584
Legislative Assembly	20,533	0	0	0	20,533
Local Government	116,686	220	0	0	116,906
Maritime Provinces Higher Education Commission	258,938	30,000	0	0	288,938
Natural Resources	88,085	2,100	2,801	0	92,986
Office of the Attorney General	16,707	0	0	0	16,707
Office of the Comptroller	4,478	0	0	0	4,478
Office of Human Resources	5,403	0	0	0	5,403
Office of the Premier	1,717	0	0	0	1,717
Post-Secondary Education, Training and Labour	298,189	0	2,573	30,190	330,952
Public Safety	123,608	0	7,335	6,804	137,747
Regional Development Corporation	73,524	22,384	0	121,362	217,270
Service of the Public Debt	623,927	0	0	0	623,927
Social Development	924,791	0	14,500	0	939,291
Supply and Services	113,912	14,180	1,640	0	129,732
Tourism and Parks	30,404	500	55	2,694	33,653
Transportation	173,067	54,110	0	(13,163)	214,014
Wellness, Culture and Sport	18,802	0	1,811	0	20,613
Sub-total	<u>7,219,773</u>	<u>123,894</u>	<u>63,681</u>	<u>147,887</u>	<u>7,555,235</u>
Amortization of Tangible Capital Assets					<u>282,979</u>
TOTAL EXPENSE					<u>7,838,214</u>

FISCAL RESPONSIBILITY AND BALANCED BUDGET ACT

Millions

\$

2007-2008 to 2010-2011 Fiscal Period

	<u>Year Ending March 31</u>		
	2008 Actual	2009 Revised	2010 Estimate
Total Revenue.....	6,962.3	7,137.6	7,097.3
Add: Required changes under the Act.....	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Adjusted Revenue.....	6,962.3	7,137.6	7,097.3
Total Expense.....	<u>6,875.6</u>	<u>7,402.8</u>	<u>7,838.2</u>
Adjusted Surplus (Deficit) for the Year.....	86.7	(265.2)	(740.9)
Cumulative Difference - Beginning of Year.....	<u>0.0</u>	<u>86.7</u>	<u>(178.5)</u>
Cumulative Difference - End of Year.....	<u><u>86.7</u></u>	<u><u>(178.5)</u></u>	<u><u>(919.4)</u></u>

	<u>Year Ending March 31</u>			
	2007	2008	2009	2010
Net Debt.....	<u>6,575.1</u>	<u>6,942.9</u>	<u>7,304.2</u>	<u>8,272.9</u>
GDP (31 December).....	<u>25,825</u>	<u>26,947</u>	<u>27,983</u>	<u>27,520</u>
Ratio of Net Debt to GDP.....	<u>25.5%</u>	<u>25.8%</u>	<u>26.1%</u>	<u>30.1%</u>

Note: Columns may not add due to rounding

NEW BRUNSWICK ROAD IMPROVEMENT FUND

Thousands

\$

	<u>Year Ending March 31</u>		
	2009	2009	2010
	Estimate	Revised	Estimate
Revenue			
Gasoline and Motive Fuels Tax.....	199,000	199,000	199,000
Expenditures			
Department of Transportation			
Capital Account.....	325,830	322,630	378,800
Ordinary Account.....	<u>178,723</u>	<u>196,224</u>	<u>173,027</u>
Total Expenditures.....	504,553	518,854	551,827
Net Expenditures	305,553	319,854	352,827
Source of Funding for Net Expenditures			
Federal Capital Revenues.....	23,850	44,200	39,206
Provincial Contribution from Consolidated Fund.....	<u>281,703</u>	<u>275,654</u>	<u>313,621</u>
TOTAL	<u>305,553</u>	<u>319,854</u>	<u>352,827</u>

Note:

Capital account expenditures relating to the Vehicle Management Agency have been excluded from the total expenditures above.