

2010-2011 Economic and Fiscal Update

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Minister of Finance

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Economic and Fiscal Update 2010-2011

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2010 Economic Update

2010 Statistical Summary (to date)		
Growth Rates¹		
	N.B.	Canada
	(2009 to 2010)	
Population and Labour Force		
Total Population (July 1)	0.3	1.2
Employment	-0.7	1.6
Unemployment Rate (%)	9.3	8.1
Indicators		
Foreign Exports	27.1	11.1
Retail Trade	4.9	5.2
Average Weekly Earnings	1.7	3.2
Housing Starts	15.8	39.5
Manufacturing Sales	22.8	9.9
Consumer Price Index	2.2	1.7
¹ Per cent change unless otherwise indicated.		

- The 2010-2011 Budget estimate of 1.7 per cent growth in real GDP in the New Brunswick economy is still valid, and comparable to the latest survey of private sector forecasters.
- Since January 1st 2007, New Brunswick's population has increased for 14 consecutive quarters.
- New Brunswick's labour force has experienced difficulty in 2010 with employment falling by 2,400 jobs so far this year. Gains in full-time employment have not been enough to offset part-time losses.
- Job losses are greatest in public administration (-1,900), accommodation and food services (-1,700) and manufacturing (-1,600). Construction employment is up 1,900 for the year.
- Exports and manufacturing sales in New Brunswick have led the country in growth in 2010, largely as a result of the rebound in world energy prices.
- Average weekly earnings have increased 1.7 per cent on average thus far in 2010.
- Retail sales have posted healthy gains so far this year, up 4.9 per cent, comparable to the national increase of 5.2 per cent.
- Consumer inflation has averaged 2.2 per cent, above the national average of 1.7 per cent.

2010-2011 Fiscal Update

- A deficit of \$820.4 million is projected as of the end of September, an increase of \$71.6 million compared to the budget estimate of \$748.8 million.
- Net debt is projected to increase \$1,274.6 million year-over-year, an increase of \$64.6 million from budget.
- Revenue is estimated to have risen by \$70.4 million from budget. Major factors include:
 - Corporate Income Tax is up \$41.4 million primarily due to anticipated underpayments from the federal government related to the 2009 taxation year;
 - Tobacco Tax has increased by \$19.0 million as a result of a tax settlement with a major tobacco company and increased sales;
 - Metallic Minerals Tax is estimated to be \$12.0 million higher related to an increase in world zinc prices;
 - Personal Income Tax has increased by \$10.0 million due to anticipated underpayments from the federal government related to the 2009 taxation year;
 - Canada Health Transfer has decreased by \$9.4 million as a result of federal estimates.
- Expenses have increased by \$142.0 million compared to budget, primarily due to the following:
 - \$45.0 million increase in the Department of Health due to hiring more physicians, pressures in the Prescription Drug Program, and higher operating costs in the Regional Health Authorities;
 - \$37.4 million increase in the Regional Development Corporation related to additional investments made in a number of strategic projects;
 - \$25.6 million increase in the Department of Social Development mainly as a result of higher than expected Social Assistance and Long Term Care caseloads;
 - \$21.4 million increase in Service of the Public Debt due to the timing of borrowing;
 - \$8.3 million increase in the Department of Education mainly due to additional costs in school district operations;
 - Various cost pressures in other departments that are largely offset by lower spending in others.

COMPARATIVE STATEMENT OF SURPLUS OR DEFICIT

Thousands

\$

	<u>Year Ending March 31</u>	
	2011 Estimate	2011 Revised
Revenue		
Ordinary Account.....	6,729,135	6,837,294
Capital Account.....	215	592
Special Purpose Account.....	56,873	60,121
Special Operating Agency Account (net).....	197,676	160,771
Sinking Fund Earnings.....	229,300	224,700
Amortization of Deferred Capital Contributions.....	34,229	34,393
Total Revenue	<u>7,247,428</u>	<u>7,317,871</u>
Expense		
Ordinary Account.....	7,333,020	7,507,241
Capital Account.....	95,673	99,784
Special Purpose Account.....	63,323	71,493
Special Operating Agency Account (net).....	197,473	152,165
Amortization of Tangible Capital Assets.....	306,744	307,598
Total Expense	<u>7,996,233</u>	<u>8,138,281</u>
Surplus (Deficit)	<u>(748,805)</u>	<u>(820,410)</u>

COMPARATIVE STATEMENT OF ESTIMATED GROSS REVENUE BY SOURCE

Thousands

\$

	<u>Year Ending March 31</u>	
	2011 Estimate	2011 Revised
Taxes		
Personal Income Tax.....	1,187,000	1,197,000
Corporate Income Tax.....	187,300	228,700
Metallic Minerals Tax.....	8,000	20,000
Provincial Real Property Tax.....	420,000	422,000
Harmonized Sales Tax.....	1,010,300	1,010,300
Gasoline and Motive Fuels Tax.....	201,000	201,000
Tobacco Tax.....	94,000	113,000
Pari-Mutuel Tax.....	65	65
Insurance Premium Tax.....	41,888	42,748
Real Property Transfer Tax.....	7,000	6,400
Large Corporation Capital Tax.....	0	7,000
Financial Corporation Capital Tax.....	8,000	12,000
Sub-total: Taxes	<u>3,164,553</u>	<u>3,260,213</u>
Return on Investment	347,256	339,126
Licences and Permits	118,862	119,875
Sale of Goods and Services	246,722	271,099
Royalties	54,915	51,450
Fines and Penalties	8,515	8,853
Miscellaneous	<u>29,313</u>	<u>34,234</u>
 TOTAL: OWN SOURCE REVENUE	 <u>3,970,136</u>	 <u>4,084,850</u>
Unconditional Grants – Canada		
Fiscal Equalization Payments.....	1,661,000	1,661,000
Canada Health Transfer.....	589,600	580,200
Canada Social Transfer.....	246,800	246,300
Wait Times Reduction Transfer.....	5,535	5,535
Other.....	1,938	1,938
Sub-total: Unconditional Grants – Canada	<u>2,504,873</u>	<u>2,494,973</u>
Conditional Grants – Canada	254,126	257,471
 TOTAL: GRANTS FROM CANADA	 <u>2,758,999</u>	 <u>2,752,444</u>
 TOTAL: GROSS ORDINARY REVENUE	 <u><u>6,729,135</u></u>	 <u><u>6,837,294</u></u>

COMPARATIVE STATEMENT OF ORDINARY ACCOUNT EXPENSE

Thousands

\$

<u>DEPARTMENT</u>	<u>Year Ending March 31</u>	
	2011 Estimate	2011 Revised
Agriculture and Aquaculture.....	36,151	40,331
Business New Brunswick.....	38,343	38,343
Education.....	994,625	1,002,923
Energy.....	3,087	3,087
Energy Efficiency and Conservation Agency of New Brunswick.....	17,655	17,655
Environment.....	12,884	12,884
Executive Council Office.....	5,517	5,487
Finance.....	12,375	12,285
Fisheries.....	4,728	4,728
General Government.....	680,072	697,289
Health.....	2,456,493	2,501,493
Intergovernmental Affairs.....	2,586	2,586
Justice and Consumer Affairs.....	39,606	43,465
Legislative Assembly.....	27,998	27,988
Local Government.....	119,697	119,697
Maritime Provinces Higher Education Commission.....	260,531	266,131
Natural Resources.....	87,150	87,150
Office of the Attorney General.....	16,824	16,824
Office of the Comptroller.....	4,346	4,346
Office of Human Resources.....	5,644	5,644
Office of the Premier.....	1,616	1,616
Post-Secondary Education, Training and Labour.....	323,043	321,791
Public Safety.....	130,551	133,251
Regional Development Corporation.....	94,836	132,200
Service of the Public Debt.....	634,415	655,800
Social Development.....	986,734	1,012,334
Supply and Services.....	116,809	117,859
Tourism and Parks.....	28,132	28,982
Transportation.....	172,080	174,580
Wellness, Culture and Sport.....	18,492	18,492
TOTAL	<u>7,333,020</u>	<u>7,507,241</u>

Note: Reflects the transfer of the Population Growth Secretariat to Post-Secondary Education, Training and Labour

COMPARATIVE STATEMENT OF CHANGE IN NET DEBT

Thousands

\$

	Year Ending March 31	
	2011 Estimate	2011 Revised
Surplus (Deficit).....	(748,805)	(820,410)
Acquisition of Tangible Capital Assets.....	(800,382)	(794,273)
Amortization of Tangible Capital Assets.....	306,744	307,598
Revenue Received to Acquire Tangible Capital Assets.....	66,677	66,922
Amortization of Deferred Capital Contributions.....	<u>(34,229)</u>	<u>(34,393)</u>
(Increase) Decrease in Net Debt.....	<u>(1,209,995)</u>	<u>(1,274,556)</u>