



Pre-Budget Consultation Document

Building a Stronger New Brunswick For All





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Pre-Budget Consultation Document 2005-2006

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Building a Stronger New Brunswick for All

Since taking office in June 1999, the government's priorities have remained clear: better health and senior care; quality education; job creation; helping those who need help the most; strong vibrant communities; a cleaner environment; lower taxes; and balanced budgets.

The government has been working diligently to establish fiscal stability and live within its means in order to get the fundamentals right for socio-economic development and growth. It has been pursuing a vision of greater economic success combined with greater social progress for all New Brunswickers.

The 2005-2006 Budget will be the second budget of the government's new mandate and the second budget of the current four-year balanced budget cycle.

This discussion paper sets out the context for New Brunswickers leading to this year's budget. Your suggestions and input are welcome as government builds the 2005-2006 Budget, which will be tabled March 30, 2005.

2000-2001 to 2003-2004: Significant Progress

Since taking office, the government has worked with New Brunswickers to live within its means and remain focused on priorities. Significant results have been achieved on a number of fronts.

Record Number of Jobs

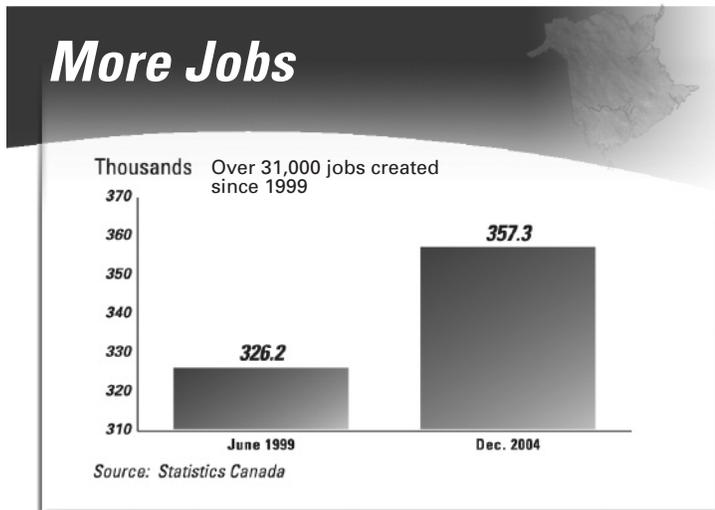
New Brunswick led the country in job creation in 2004. For the first time, New Brunswick had a yearly average unemployment rate of less than 10 percent.

Balanced Budgets

Over the last four years, the government achieved a cumulative surplus for balanced budget purposes of \$247.2 million. This is the first time a New Brunswick government has met the criteria under the *Balanced Budget Act* for a designated four-year period. During that time, the province also reduced its net debt by \$109.2 million.

Upgraded Credit Rating

In 2004, New Brunswick's credit rating was upgraded by Dominion Bond Rating Service and Moody's Investor Services. New Brunswick enjoys the best credit rating east of Ontario.





Greater Opportunity

New Brunswickers now enjoy the lowest provincial personal income taxes in Eastern Canada. There are over 17,000 fewer New Brunswickers on social assistance than there were in 1999.

Record Health Care Investments

Total health and senior care spending for 2004-2005 is estimated to be \$2.062 billion, \$660 million more than in 1999.

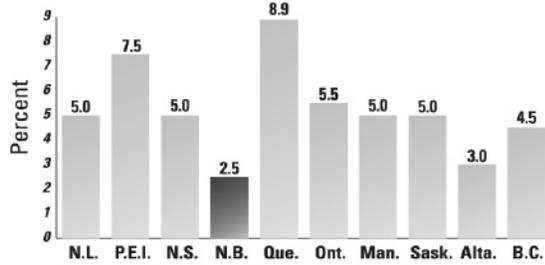
Nearly 80 percent of the cumulative impact of expenditure growth since April 1999 has been allocated to health care services.

Lower Automobile Insurance Rates

Average auto insurance rates have gone down significantly over the last 18 months, with New Brunswick drivers receiving \$30.7 million in rebate cheques. New Brunswickers can now get automobile insurance for an average of \$144 less than under the proposed public insurance model.

Lower Taxes

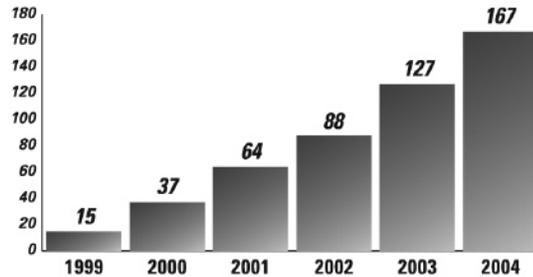
Provincial Small Business Corporate Tax



Source: Department of Finance

Better Health Care

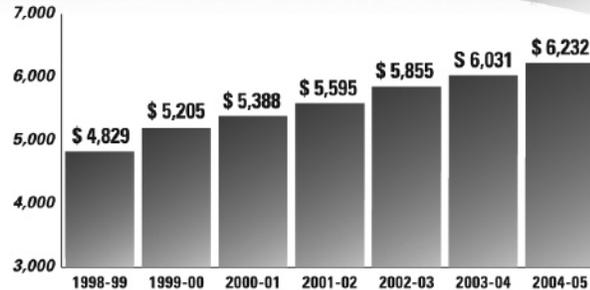
Cumulative Increase in Doctors since 1999



Source: Department of Health and Wellness

Quality Education

Annual investment per student



Source: Department of Education



2004-2005 Budget

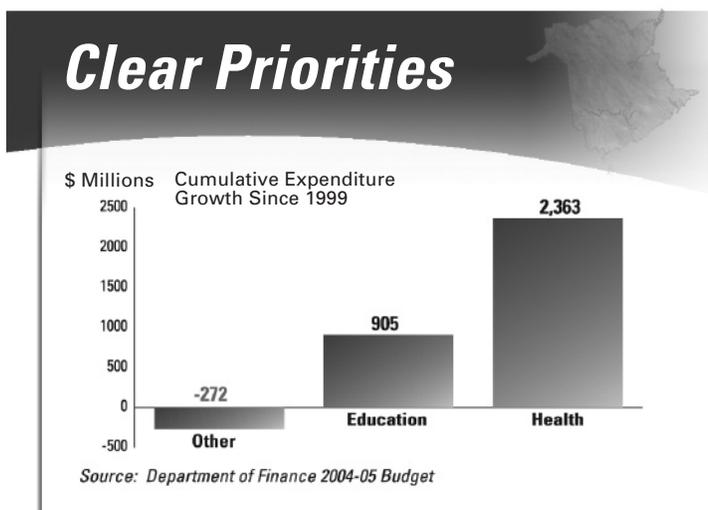
Leading up to the 2004-2005 Budget, the government faced the possibility of large and growing deficits. With the input of New Brunswickers, government confronted the challenge. The budget projected a surplus and modest reduction in net debt, while at the same time investing in the priorities of New Brunswickers.

Own-source revenues represent approximately 64 percent of the province’s revenues, with the primary sources including income taxes, harmonized sales tax and property tax. The remainder comes from federal transfer payments, particularly Equalization and health and social program transfers.

Health and senior care spending represents 36 percent of government expenditures, the most significant expenditure category. Education and transportation are two other priority investments of government.

The investment priorities of the government since taking office have been health and senior care and education. Since 1999, cumulative new funding for health and senior care totals approximately \$2.4 billion, and \$0.9 billion for education. Over the same period, other government expenditures have decreased by almost \$0.3 billion.

The province’s net debt-to-GDP ratio has declined each and every year since our first budget, and the province’s debt service cost as a percent of total spending is at its lowest level in over two decades.



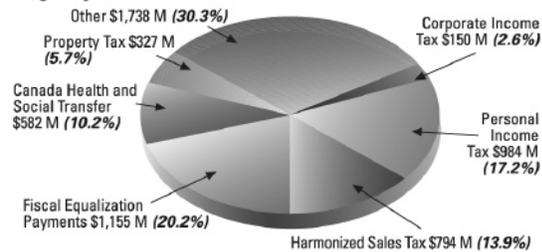
“In general, the indicators for the last ten years show that the Province of New Brunswick’s financial condition has improved in sustainability, flexibility and vulnerability, with some deviations from this trend showing in 1999 and 2000. For the most part the indicators affected by these deviations showed more positive results in the past four years.”

Auditor General of New Brunswick
Volume 2, 2004



Where The Money Comes From

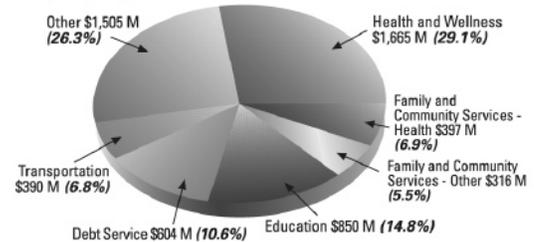
Budgetary Revenues - \$5,729 M



Source: Department of Finance 2004-05 Budget

Where The Money Goes

Budgetary Expenditures - \$5,727 M



Source: Department of Finance 2004-05 Budget

2005-2006 Budget

In planning the 2005-2006 Budget, government continues to face some significant challenges. Demands on health and senior care continue to increase dramatically; there are wage pressures, and new demands for strategic infrastructure and other key investments.

There are also factors outside of the government's direct control that can affect its bottom line including: federal transfers, the performance of financial markets, and economic and fiscal developments that occur beyond our borders.

In preparing for the 2005-2006 Budget, the government will maintain five clear objectives to guide decisions.

1. Invest in priorities.

- Stronger education for children and youth;
- Stronger health care for seniors and families;
- Stronger communities and services for people.

2. Invest in job creation.

- Building a stronger economy for workers and entrepreneurs;
- Lowering taxes for people and businesses;
- Embracing innovation;
- Building strategic infrastructure.

3. No tax increases and no new taxes.

4. Provide stronger value for taxpayers.

- Savings and efficiencies in government operations will continue to be realized, with those savings redirected to priorities.

5. Balance the budget.



Striking a Balance for a Stronger New Brunswick for All

In the recent Speech from the Throne, *A Stronger New Brunswick for All*, the government set forth a focused agenda for the coming year. Some of the government's key investments and decisions for 2005 include:

- Launch the final three stepping stones of the Quality Learning Agenda
- Release a wood supply plan
- Respond to the report on legislative democracy
- Increase social assistance rates
- Launch the Rural Roads Program
- Lower taxes for people and businesses
- Allocate new health care investments
- Key decisions of strategic energy infrastructure
- Wage Gap action plan
- Increased funding for university operations and infrastructure
- Restructuring of New Brunswick Community Colleges
- Province-wide nutrition policy for schools
- Improvements to child care
- New strategies to protect families from violence
- Strengthened family support orders
- New multi-material stewardship program
- New *Fiscal Responsibility Act*
- A balanced budget





In preparation for the 2005-2006 Budget, the government wants to engage New Brunswickers on these and other priorities.

The minister of finance will do a nine-community tour from January 31 to February 10, 2005. In each community, he will host public forums to outline challenges and solicit ideas and budget recommendations. Tour locations include:

Monday, Jan. 31: Edmundston, Cité des jeunes A.-M.-Sormany, 300 rue Martin

Tuesday, Feb. 1: Saint John, NBCC Saint John (Gymnasium), 950 Grandview Avenue

Wednesday, Feb. 2: Fredericton, Hugh John Flemming Forestry Complex (Irving Theatre), Regent Street

Thursday, Feb. 3: Miramichi, NBCC Miramichi (Auditorium), 80 University Avenue

Friday, Feb. 4: Tracadie-Sheila, Salle des Chevaliers de Colomb, 397 rue du Couvent

Monday, Feb. 7: Moncton, Dr. Bernice MacNaughton High School (Auditorium), MacNaughton Avenue

Tuesday, Feb. 8: Bathurst, NBCC Bathurst (Auditorium), rue du Collège

Wednesday, Feb. 9: Campbellton, NBCC Campbellton (Gymnasium), 47 Village Avenue

Thursday, Feb. 10: Woodstock, NBCC Woodstock (Auditorium), 100 Broadway Street

All meetings are scheduled for 7 p.m. to 9 p.m. Additional information about the pre-budget consultations is posted at www.gnb.ca Keyword: Finance.

Individuals or groups who cannot attend are invited to send their comments by mail to:

Pre-budget Submissions 2005-2006
Minister of Finance
P.O. Box 6000, Fredericton, N.B.
E3B 5H1

Comments can be sent by fax to (506) 457-4989 or
over the Internet at: <http://www.gnb.ca/0024/index-e.asp>
