

## NEW BRUNSWICK BUDGET 2010

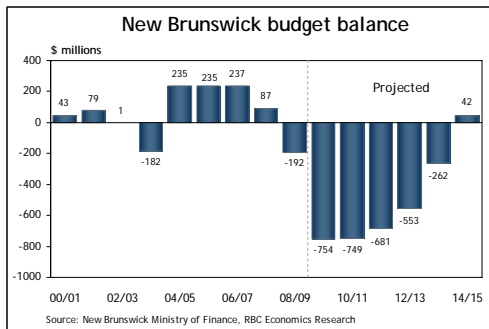
### Deficit to edge lower in 2010-11

On Tuesday, December 1, 2009, New Brunswick Finance Minister Greg Byrne kicked off the provincial budget season by presenting the Province's 2010 fiscal plan. The budget largely follows suit with last year's document with two main exceptions: New Brunswick's two-year strategic infrastructure investment has been boosted by \$400 million to \$1.6 billion (including \$896 million budgeted for 2010-11) and the *Plan to Return to Balanced Budgets* has been extended by two years (to 2014-15) reflecting the impact of the economic downturn on the Province's fiscal position.

The Province is maintaining its 5-year *Plan for Lower Taxes in New Brunswick*, which is slated to generate tax-savings of \$258 million in 2010-11 for households and businesses. Revenues as a whole are expected to increase by 1.8% to \$7.2 billion while expenditures are projected to rise by 1.6% to \$8.0 billion. The increase in expenditures reflects efforts to restrain spending by the government and represents a significant slowing of growth compared to the rates of at least 5% seen over the past five years and 7.8% growth in 2009-10.

The deficit for 2009-10 has been revised higher to \$754 million (from \$741 million cited in last year's budget), while the 2010-11 deficit is forecast to edge lower to \$749 million (though up from previous projection of \$738 million). Due to weaker forecast revenue growth, the Province is now projecting deficits of \$681 million in 2011-12, \$553 million in 2012-13 and \$262 million in 2013-14 before returning to a surplus of \$42 million in 2014-15.

Because of these deficits, net debt is expected to rise by \$1.2 billion in 2010-11 to \$9.6 billion (33.4% of nominal GDP).



**Robert Hogue**  
Senior Economist  
(416) 974-6192  
robert.hogue@rbc.com

**David Onyett-Jeffries**  
Economist  
(416) 974-6525  
david.onyett-jeffries@rbc.com

### New Brunswick fiscal plan

\$ millions	Actual	Forecast	Estimate	Projection	Projection	Projection	Projection
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue	7,138	7,119	7,247	7,251	7,436	7,771	8,120
Expense	7,403	7,872	7,996	7,932	7,989	8,033	8,078
Surplus/ (deficit)	-265	-754	-749	-681	-553	-262	42

Source: New Brunswick Ministry of Finance, RBC Economics Research

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.