



New Brunswick's Year End Financial Results

Report of the Auditor General – January, 2019

Volume 3, Chapter 2

What We Found

First Surplus in A Decade

- Annual surplus was \$67 million
- Revenues of \$9.34 billion exceeded expenses of \$9.27 billion
- Improvement from budgeted deficit of \$192 million and prior year deficit of \$117 million

Debt Reaches New Historic High

- Debt is now \$17 billion
- In simple terms, if \$100 million a year was repaid, it would take 170 years to repay the debt
- Annual servicing (interest) cost is \$667 million

Why Was There a Surplus?

- Revenues were higher by \$328 million largely due to increases in provincial tax revenue and transfers from Federal government
- Expenses increased \$253 million, but were \$109 million under budget

Why did Net Debt Increase In A Surplus Year?

- Capital Assets increased \$168 million, offsetting the surplus
- Net Debt increased \$106 million in 2018
- 2018 Net Debt increase was the smallest annual rate of increase since 2007
- As of the time of this report, government had no targets to reduce Net Debt

How Does New Brunswick Compare to Other Provinces?

- Among comparable provinces, New Brunswick has the:
 - highest Net Debt per capita - \$18,300 per New Brunswicker
 - highest Net Debt as a percentage of GDP

What's the State of the Province's Financial Condition?

- Three of the twelve short-term indicators improved since 2017
- All twelve long term indicators remain unchanged
- All indicators are presented in Chapter 5.