

Chapter 2

Annual Surplus

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Second Consecutive Surplus

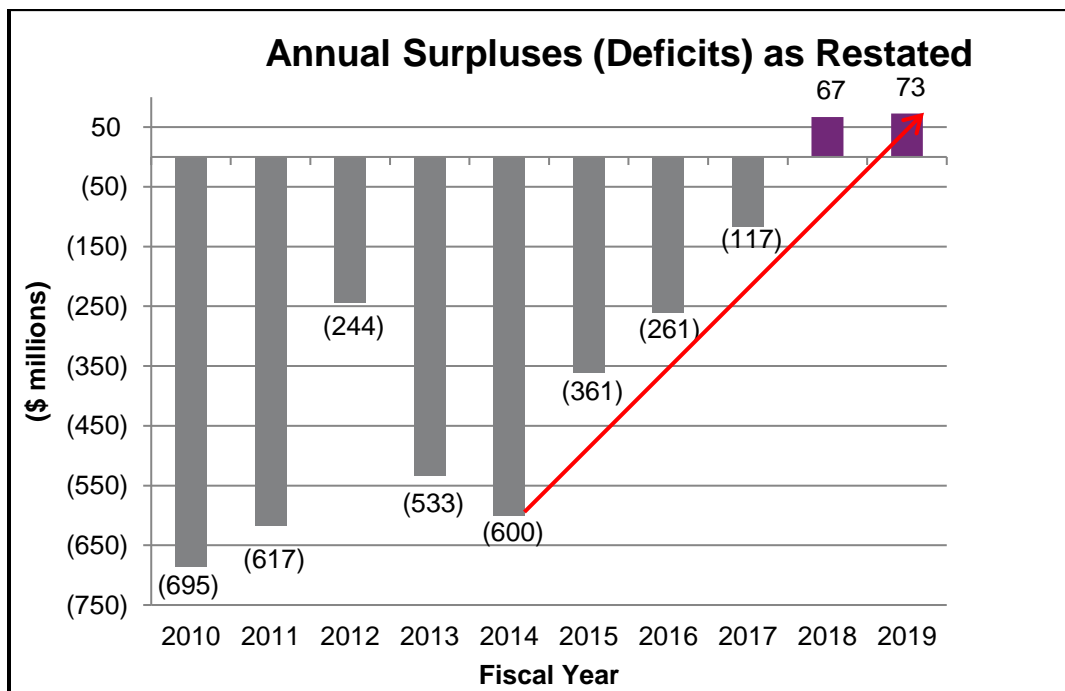
The Province recorded an annual surplus of \$73 million

2.1 For the second consecutive year in a row, the Province of New Brunswick recorded an annual surplus. The Province’s March 31, 2019 audited consolidated financial statements reported a surplus of \$73 million.

2.2 The annual surplus improved by \$262 million from the budgeted deficit of \$189 million originally forecasted. This was mostly due to increased tax revenue and transfers from the Federal Government.

2.3 Last year, we reported the Province recorded its first surplus in a decade. We are pleased to see that the trend move progressively from deficits to small surpluses towards spending less than revenue earned has continued. The ten-year annual surplus/deficit history is presented in Exhibit 2.1 below.

Exhibit 2.1 - Annual Surpluses (Deficits) as Restated

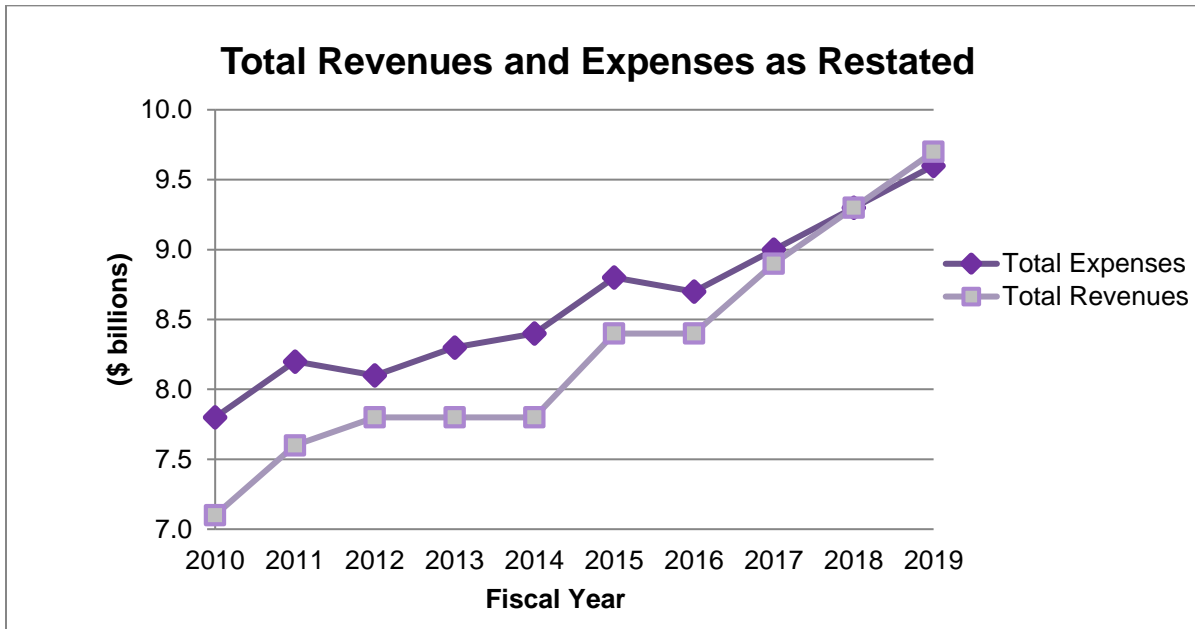


Source: Prepared by AGNB. As restated – refer to Appendix I for supporting information

Results encouraging, but small compared to expenses of \$9.6 billion

2.4 While these results are encouraging to the fiscal situation of the Province, the annual surplus is very small when compared to expenses of \$9.6 billion. As shown in Exhibit 2.2, revenues and expenses continued to grow in 2019.

Exhibit 2.2 - Total Revenues and Expenses as Restated



Source: Prepared by AGNB. As restated – refer to Appendix I for supporting information

2.5 During fiscal 2019, revenues grew \$358 million, slightly faster than expense growth of \$353 million. Each grew by approximately 4% since 2018.

Expenses continued to increase

2.6 While we are encouraged with a second consecutive surplus, expenses continued to increase. In our view, for the Province to significantly improve its fiscal situation, it will need to find a way to restrain spending, consider revenue increases, or a combination of both in the future.

Why Did the Surplus Change from Last Year?

2.7 Exhibit 2.3 shows at a summary level, the reasons for the change in revenues and expenses from March 31, 2018 to March 31, 2019.

Exhibit 2.3 - Analysis of 2019 Annual Surplus

Analysis of 2019 Annual Surplus (\$ millions)

What Happened Since Last Year?		Significant Reasons
Fiscal 2018 Surplus	\$67.0	
Increase in provincial revenue	+ \$166.2	Revenue increased in: Personal Income Tax (+179); Harmonized Sales Tax (+16); and Provincial Real Property Tax (+7). Offset by decreases in: Gasoline and Motive Fuels Tax (-35); and Tobacco Tax (-13).
Increase in transfers from Federal government	+\$191.9	Increases in: Fiscal Equalization Payments (+114); Unconditional Grants (+57); and Conditional Grants (+22).
Increase in expense	-\$352.5	Expenses increased in: Education and Training (+97); Health (+57); Social Development (+71); Protection Services (+68); Labour and Employment (+10); Transportation and Infrastructure (+69); and Central Government (+30). Offset by decreases in: Economic Development (-32); and Service of the Public Debt (-18).
Fiscal 2019 Surplus	\$72.6	

Source: Prepared by AGNB from New Brunswick Public Accounts Volume I for year ended March 31, 2019.