



# Province of New Brunswick

## Financial Facts 2009 - 2010

### 2009-2010 Budget

"Today's budget presents a five-point plan that will achieve multiple objectives: it provides stimulus to grow our economy; it helps maintain and create jobs; it puts more money into the pockets of New Brunswickers; it increases our competitiveness; it protects essential public services; it realizes efficiencies in public service delivery; and it sets out a plan to grow the tax base and return to balanced budgets as soon as possible."

Victor Boudreau  
Minister of Finance, 2009-2010 Budget Speech

#### Budgetary Balance / Net Debt

(\$ Millions)

	2006-2007	2007-2008	Revised Estimates 2008-2009	Budget 2009-2010
Revenue	6,640.9	6,962.3	7,137.6	7,097.3
Expenditure	6,404.1	6,875.6	7,402.8	7,838.2
Surplus (Deficit)	236.8	86.7	(265.2)	(740.9)
(Increase) Decrease in Net Debt	136.3	(321.6)	(361.3)	(968.7)
Net Debt – End of Year	6,575.1	6,942.9	7,304.2	8,272.9

### Economy

With the winding down of some major projects in the energy sector, and with the effects of a global slowdown taking hold, the New Brunswick economy will contract in 2009 for the first time since 1991.

Reduced business activity will be partially offset by increased spending on infrastructure projects by all levels of government.

#### New Brunswick Economic Indicators

Growth Rates, 2005 to 2009 Percent change unless otherwise indicated	2005	2006	2007	2008	NB Finance Forecast 2009
Gross Domestic Product (GDP)	4.5	4.4	4.3	3.8	-1.7
GDP (real)	1.6	2.4	1.7	1.0	-0.3
Personal Income	3.4	3.7	4.9	3.4	-0.4
Employment	0.1	1.4	2.1	0.9	-1.2
Unemployment Rate (%)	9.7	8.8	7.5	8.6	9.5
CPI	2.4	1.7	1.9	1.7	0.7

### Pension Expense

The impact of the global financial market downturn will increase the pension expense by approximately \$157 million in 2008-2009 and \$300 million in 2009-2010.

The impact in 2008-2009 reflects the first year of amortizing the difference between the actual rate of return and the actuarial assumed rate of return for 2008-2009. This method of accounting differs from most other provinces, where experienced gains and losses begin to be amortized subsequent to the year they occur. As a result, the effect of the market downturn will be reflected in NB's financial statements a year earlier than most other provinces.

In addition to the amortization component 2009-2010 pension expense is impacted by the interest on the increase in the unfunded pension liability of the pension plans as a result of the market downturn.

### Borrowing Requirements 2009-2010

The Province has borrowing requirements that must be financed through capital markets. Major portions of the Province's financing requirements relate to refinancing of maturing debt, capital expenditures and requirements attributable to sinking fund installments.

#### Estimated Borrowing Requirement

(\$ Millions)

Borrowing for Provincial Purposes	
Increase (Decrease) in net debt	969
Budgetary Items Not Providing Cash	173
Budgetary Items Not Requiring Cash	(538)
Budgetary Items Requiring Additional Cash	26
Non Budgetary Cash Requirements	523
<b>Subtotal</b>	<b>1,153</b>
Refinancing Requirements	379
Student Loan Program	300
Less Pre-Borrowing	(245)
<b>Total Provincial Borrowing Requirements</b>	<b>1,587</b>
Borrowing on behalf of NB Electric Finance Corporation	700
Borrowing for the NB Municipal Finance Corporation	125
<b>Total Borrowing Requirements</b>	<b>2,412</b>

- Includes borrowing through the CPP program (\$64.3 million)

<b>Debt Service (in millions)</b>		
2008-2009 Budget	2008-2009 Revised Estimate	2009-2010 Budget
\$597.0	\$606.6	\$623.9

<b>Service of the Public Debt Sensitivities</b>	
One percent change in interest rates	\$8.1 million
One cent change in dollar	\$1.0 million

<b>Debt Overview</b>					
Provincial Purpose Debt (\$Million)					
	2005-2006	2006-2007	2007-2008	Revised Estimate 2008-2009	Budget 2009-2010
Provincial Debenture Debt: Gross Debt	8,942.4	9,272.8	9,461.7	10,128.0	10,791.4
Sinking Fund	3,984.0	3,968.2	4,161.9	4,158.8	4,199.0
Net of Sinking Fund	4,958.4	5,304.6	5,299.8	5,969.2	6,592.4

<b>Sinking Fund Sensitivities</b>	
One percent change in interest rates	\$2.0 million
One cent change in dollar	\$0.9 million

<b>Credit Ratings</b>		
Moody's	Aa1	stable
S&P	AA-	stable
DBRS	A (high)	stable

<b>Average Term of Provincial Purpose Debenture Debt at March 31, 2009</b> (revised estimate)		<b>Currency Distribution of Provincial Purpose Debenture Debt at March 31, 2009</b> (revised estimate)	
Canadian Debt:	10.7 years	CAD	97.7%
Foreign:	4.1 years	USD	2.3%
			100.0%
- Net of currency hedges			

<b>Provincial Purpose Debenture Debt</b>				
<b>Maturity Schedule</b>				
<b>For Securities Outstanding at March 31, 2009</b>				
Year Ended March 31	Denominated in (millions of units of currency):			Total in CAD\$
	CAD\$	USD	CHF	
2010	922.7			922.7
2011	440.4			440.4
2012	908.5			908.5
2013	803.2	100.0		929.4
2014	879.4	100.0		1,005.6
2010-14	3,954.2	200.0		4,206.7
2015-19	1,950.0	414.5	300.0	2,756.1
2020-24	319.1	150.0		465.8
2025-29	586.3			586.3
2030-34	550.0			550.0
2035-41	1,563.2			1,563.2
<b>Total</b>	<b>\$8,922.7</b>	<b>USD 764.5</b>	<b>CHF 300.0</b>	<b>\$10,128.0</b>

- A debenture may be partially or fully funded by the sinking fund at the maturity date of an issue.

## Further information:

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