




Budget 2005-2006

Building a Stronger New Brunswick For All



New  Nouveau
Brunswick
C A N A D A

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Minister of Finance

Budget 2005-2006

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Introduction

Mr. Speaker, I am pleased to rise in the House today to present to New Brunswickers a balanced budget that builds a stronger New Brunswick for all.

We have listened to the concerns of people, and this budget acts on the priorities of people.

It is a budget built on what New Brunswickers told us through an extensive series of pre-budget consultations and forums.

It is a budget that manages smarter today, so we can continue to invest in tomorrow.

It is a budget that delivers on the commitments of this government to invest more in health and senior care, in education and children, in jobs, in families and those in need, and in highways and roads.

And, Mr. Speaker, this is a budget that keeps moving New Brunswick forward, building new opportunity and new prosperity for people, communities, and our province.

This is possible, Mr. Speaker, because we have stuck with our plan of strong fiscal management and making the difficult but necessary financial decisions beginning with our first budget. And this is possible because New Brunswickers themselves have stepped forward to do their share. I want to thank them all.

Last year's budget was a crucial step to get us to where we are today. I said to New Brunswickers then that we must live within our means and focus on priorities. That our province was at a financial crossroads with a clear choice for the future: deficits and increased debt or balanced budgets and new investments.

On behalf of New Brunswickers, we chose the latter. As a result, we are firmly on the path to improved financial health and fiscal sustainability that we began in 1999. Clear evidence of this is that New Brunswick's credit rating was upgraded twice last year – the first such upgrades since the early 1990s. We continue to enjoy the best credit rating east of Ontario.

This year's budget strengthens our financial position even further. But we still have financial challenges ahead. Challenges that will not be overcome by relaxing our fiscal discipline or by promising more than can be delivered. And certainly not by spending more than we can afford.

As a result of difficult but crucial decisions taken last year, we are in a position this year to reinvest in New Brunswick's prosperity and New Brunswickers' priorities.

Five Clear Objectives

Mr. Speaker, this year's budget focuses once again on the same five clear objectives we set out in last year's budget.

First, invest in priorities. Mr. Speaker, this budget provides record investment in New Brunswickers' top priorities of health and senior care and education and children.

Second, invest in job creation. Mr. Speaker, this budget provides further tax relief over the next three years for small businesses to help create jobs, more capital investment and new community economic development programs.

Third, no tax increases. Mr. Speaker, this budget does not raise any taxes or create any new taxes. In fact, it provides additional tax relief for New Brunswickers.

Fourth, stronger value for taxpayers. Mr. Speaker, this budget reinforces our commitment to save money in back-office government operations in order to reinvest in front-line government services.

Fifth, balance the budget. Mr. Speaker, this budget is balanced with a surplus and a reduction in net debt.

Record Achievements

Today's budget sets new records and new achievements. Let me highlight some of these.

Spending on health and senior care will increase by \$163.1 million to \$2.3 billion – a record high giving us more doctors and full-time nurses than ever before.

Spending on education will increase by \$38.5 million to \$1.2 billion – an all-time high giving us the highest level of investment per student ever.

Over 75 per cent of all new spending continues to be directed towards our top priorities of health care and education.

University funding will increase by 4.6 per cent this year for a total of 10 per cent over the past three years – the sixth consecutive increase.

Over the next three years, the New Brunswick small business corporate income tax rate will be lowered to one per cent and the income threshold will be increased to \$500,000 – making the best rate in Canada even better.

Capital expenditures for roads, highways, hospitals, schools and other priorities will increase three times faster than all other program spending, to help create jobs and better public infrastructure for New Brunswickers.

Net debt will be reduced in both the 2004-2005 and 2005-2006 fiscal years, for a cumulative reduction of over \$166 million since our first budget. The province's net debt-to-GDP ratio will be reduced for the sixth consecutive year to reach its lowest level since 1991-1992. And debt service costs as a per cent of total expenditures will be at their lowest level in over two decades.

Listening to New Brunswickers

Mr. Speaker, this budget responds to what many New Brunswickers have said to us over the past year. We have listened to their concerns, their ideas, and their hopes.

Both the Premier and I conducted an extensive series of pre-budget consultations and forums to seek the input of New Brunswickers. This included nine public meetings in communities across the province. In addition, the Premier held nine consultation forums, meeting with approximately 400 representatives from all sectors of society and all regions of the province. Ministers met with their stakeholders as well. The input we received from this process, and through on-line and other submissions, has helped us build this budget.

New Brunswickers told us, Mr. Speaker, that health and senior care and education and children are their top priorities. They agreed with the importance of balanced budgets as the means to invest in these priorities. They spoke of the economic importance of the cultural sector, the need to keep young New Brunswickers here at home, to invest in wellness and encourage more immigration. They suggested incentives to create jobs and encourage more people to join the workforce. They told us of their desire for government to invest in our schools and post-

secondary institutions as part of investing in the future. They highlighted the role of communities in economic growth as well as the importance of encouraging trade and exports, investing in strategic infrastructure, and lowering taxes and cutting red tape.

All of this, and more, we considered in developing this budget. On behalf of the Premier and myself, I would like to thank everyone who participated.

New Brunswick's Economic Outlook

Mr. Speaker, I would now like to review New Brunswick's economic performance over the past year and provide an outlook for 2005.

As the most trade-dependent provincial economy in Canada, New Brunswick is impacted by economic developments across Canada, in the United States, and around the world. How strong the Canadian dollar is, for example, affects the value of and demand for our natural resource exports. Consumer demand and growth in North America and other countries help drive economic growth here in New Brunswick. And the price of oil has implications as well on individuals, businesses and government. We truly live in a globalized economy.

In 2004, this was clearly demonstrated.

The world economy grew strongly last year. Both the Canadian and United States economies continued their recoveries from the slowdowns of 2003 and grew at a robust pace in 2004. Real Gross Domestic Product (GDP) growth in Canada was 2.8 per cent last year, while the United States economy accelerated by a strong 4.4 per cent. Canadian economic growth was constrained, however, by the soaring Canadian dollar and high oil prices in particular – an impact that was felt in this province as well.

In this environment, the Department of Finance estimates the New Brunswick economy reported a solid performance in 2004, expanding by 2.5 per cent. Many key economic indicators showed strong growth in 2004 compared to 2003. For example:

- Private and public capital investment increased 7.4 per cent to a record \$4.3 billion.
- Foreign exports of commodities increased 10.8 per cent to over \$9.4 billion, compared to an 8.6 per cent national increase, this despite the rising value of the Canadian dollar.
- Manufacturing shipments rose 11.1 per cent, more than the national increase of 8.4 per cent.
- Average weekly earnings in the province increased 3.0 per cent, nearly double the 1.6 per cent increase for Canada.
- And, consumer inflation, as measured by the Consumer Price Index, increased by only 1.5 per cent, significantly below the growth level of the previous two years and below the Canadian rate for the first time since 2001.

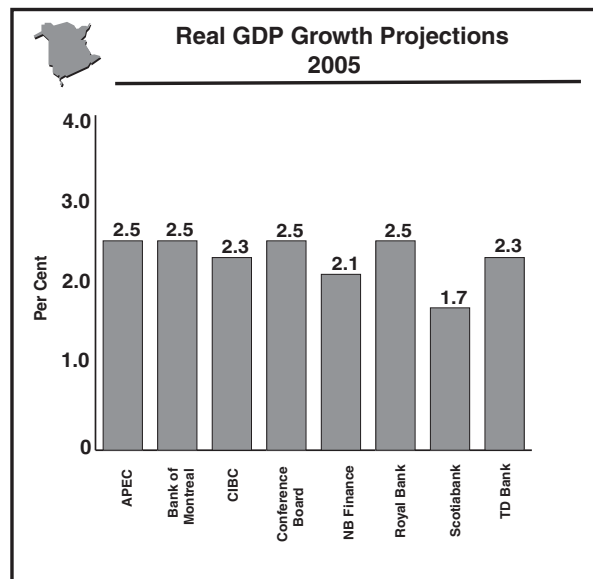
Mr. Speaker, this is further evidence that our Prosperity Plan is working, helping to make our province more competitive and more diversified. We have seen that in New Brunswick's job numbers.

Job growth surged forward last year, with a record annual high of 350,400 New Brunswickers employed. The unemployment rate fell to 9.8 per cent and the provincial participation rate reached an all-time high of 63.9 per cent. While these numbers can fluctuate month-to-month given our seasonal economy and economic factors outside our control, the overall trend in job

growth is up and unemployment is down. The latest monthly numbers show we have created 28,000 net new jobs since June 1999.

Despite these positive results overall for growth, investment, and jobs, we know that not everyone or every sector of our economy or every community is benefiting equally. The pulp and paper sector had a difficult year, for example, with mill closures, job losses, and weaker markets. We will continue to work closely with the private sector, communities, and workers to address these problems and find solutions.

Looking ahead for 2005, Mr. Speaker, private sector economists predict that real GDP growth for New Brunswick will be in the 1.7 per cent to 2.5 per cent range, with an average growth of 2.3 per cent. The Department of Finance prudently anticipates that growth will be 2.1 per cent, as both domestic and external demand for many natural resource commodities softens. This is partially due to the ongoing strength of the Canadian dollar. Construction activity will continue to contribute to economic growth, with the continued twinning of the Trans-Canada Highway and significant provincial government investment in infrastructure. Employment is expected to increase in 2005 and consumer inflation is anticipated to increase at around the same rate as last year.



Our Prosperity Plan is helping to close the economic gaps between New Brunswick and the rest of Canada. Each of the prosperity targets we are measuring – real GDP per capita, employment per working age population, real personal income per capita, research and development (R&D) expenditures, labour productivity, and number and type of exporting firms – are showing progress since 2000.

Mr. Speaker, there is no shortcut to prosperity. It results by having a clear, long-term plan and sticking to it. It comes from strong financial management, balanced budgets, and lower taxes. It occurs by focusing on priorities, investing carefully, and becoming more competitive in the world at large. That is exactly what we have been doing.

2004-2005 Fiscal Update

Mr. Speaker, I would now like to provide New Brunswickers with an update on the province's fiscal performance over the past year.

During our 2004-2005 pre-budget consultation process, I stated clearly that expenditure demands considerably exceeded anticipated revenues. I said that unless we took corrective action, the province was facing a significant fiscal challenge. Left unchecked, the fiscal outlook was for large and growing deficits. We were not prepared to let this happen.

The "Living Within Our Means, Focusing on Priorities" theme of the 2004-2005 Budget was clear evidence of our resolve.

Our 2004-2005 Budget reflected the difficult decisions we made; decisions which allowed us to bring the budget into balance while continuing to invest in priorities. Those decisions have paid off for New Brunswickers.

Mr. Speaker, I am pleased to report today that we will indeed balance the budget in 2004-2005. We anticipate a surplus of \$112.3 million and a reduction in provincial net debt of \$53.1 million.

Gross consolidated revenue is projected to be \$210.1 million higher than budget, largely due to our successful negotiations with the federal government for additional health and equalization transfers to support priority services to New Brunswickers. In total, New Brunswick will receive an additional \$194 million in 2004-2005 as a result of these negotiations.

Meanwhile, gross consolidated expenditure increased by \$159.4 million, primarily due to the implementation of the Provincial Health Plan, as well as addressing wage settlements for nurses and hospital workers. Additional expenditure pressures resulted from stronger demand for some services from the Family and Community Services department, winter road maintenance and strategic assistance.

Before leaving the fiscal update for last year, Mr. Speaker, I wish to bring to the attention of the House a significant negative adjustment by the federal government to our Harmonized Sales Tax (HST) revenues for 2003. This will impact New Brunswick revenues for fiscal 2004-2005. The federal government has imposed a \$78 million negative adjustment in HST revenues for the province. That is money that could have gone directly to further reduce our provincial debt or improve health care and education services.

We were advised of this \$78 million adjustment by the federal Finance Department only in December 2004, Mr. Speaker, after negotiations for health and equalization transfers had concluded.

Mr. Speaker, this is the second year in a row that significant adjustments by the federal government have negatively impacted New Brunswick's revenues. In addition to the HST adjustment in 2004-2005, we received a \$112.7 million reduction to equalization transfers in 2003-2004. While we have been successful at the First Ministers' table in negotiating improvements to equalization and health funding, this demonstrates that we have also had federal transfers reduced in two important instances over the past two fiscal years – reductions that have meant less revenue to invest in New Brunswickers' priorities.

Mr. Speaker, New Brunswick continues to insist on a renewal of the Equalization Program based on a ten-province standard and full revenue coverage. This has been our position since we came into office and it remains our position – a position we will advocate before the forthcoming Equalization panel and in ongoing federal-provincial-territorial forums.

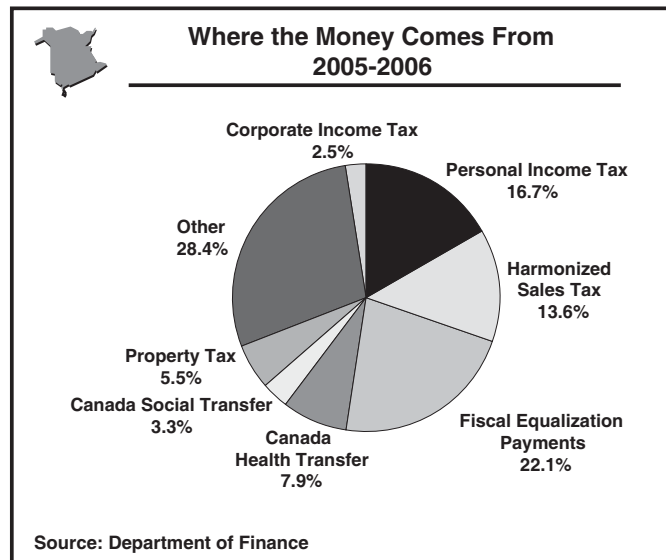
2005-2006 Fiscal Outlook

I would now like to turn to this year's budget beginning with a financial outlook for the coming fiscal year.

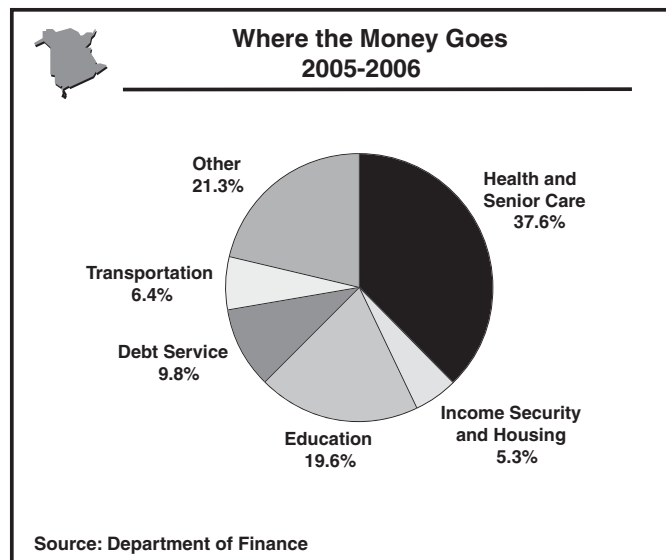
The 2005-2006 Budget continues this government's dedication to living within our means. It continues our commitment to investing in priorities that matter to people. It continues our focus on providing value to taxpayers. And it continues our plan to build new job opportunities for New Brunswickers.

Mr. Speaker, I am pleased to announce that this year's budget will be balanced with a surplus of \$98.9 million and a reduction in net debt of \$4.0 million.

Gross consolidated revenue is projected to be \$6.109 billion, up 2.9 per cent from revised 2004-2005 estimates.



Gross consolidated expenditure is estimated at \$6.105 billion, up 3.7 per cent from last year.



Mr. Speaker, balanced budgets are anticipated for both 2004-2005 and 2005-2006. Provincial net debt will be reduced by an estimated \$166.3 million since our first budget. Furthermore, our net debt-to-GDP ratio is anticipated to fall for the sixth consecutive year, to a level of 28.0 per cent, the lowest level since 1991-1992. Debt service costs as a percentage of total expenditures are estimated at 9.8 per cent, the lowest level in over two decades. In fact, New Brunswick's provincial debt per capita is the third lowest in the country, according to the Dominion Bond Rating Service.

Ultimately, lower debt means we have more money to invest in health care, education, and jobs. It means that we are achieving real progress in reducing the financial burden on future generations, on our children and grandchildren.

Mr. Speaker, we are proud that we are the first New Brunswick government to meet the provisions of the *Balanced Budget Act* over a designated four-year period. We will continue to work towards delivering balanced budgets and reducing our net debt-to-GDP ratio in the years ahead.

We want to go further in our commitment to fiscal responsibility to New Brunswickers. During this session, a new *Fiscal Responsibility Act* will be introduced that will provide further transparency and accountability in government finances, including additional fiscal performance measures.

As an example, the provincial Auditor General has set out a number of fiscal measures in his report based on work of the Canadian Institute of Chartered Accountants. It defines the province's financial health "as measured by sustainability, vulnerability, and flexibility, looked at in the context of the overall economic and financial environment."

These measurements are important to assess the long-term financial health of the province and determine how well we are doing over time. Sustainability looks at changes in net debt and GDP. Flexibility looks at the cost of servicing the public debt and own-source revenues relative to the economy. Vulnerability looks at dependency on external sources of funding. In his report of December 14, 2004, the Auditor General wrote that the province is making progress in these areas. He stated:

"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."

We are looking to build on our performance to date, and continue to improve the province's overall financial health.

Value for Taxpayers

Mr. Speaker, this budget also reflects our continued commitment to find greater value for taxpayers in the operations of government. By managing smarter and providing more efficient and innovative ways of delivering public services, we can help eliminate waste, duplication, and overlap in these services. By focusing on more efficient back-office operations, we can invest more in front-line services. Our priority is clear: any and all savings found in this way can and will be re-invested in health care and education.

Initiatives underway that will redirect savings to priority areas include the Common Services Review, which has the objective of reducing costs by consolidating common services internal to government and school districts, and a review of non-clinical services in the health care system. The Workforce Adjustment Program has been extended to address the human resource impact of these specific initiatives.

As with last year's budget, Mr. Speaker, managing the wage bill is crucial to our collective efforts to balance the budget and invest more in the priorities of New Brunswickers. Let me put this in perspective. Every one per cent increase in the overall wage bill for public sector service providers results in an additional cost to taxpayers of approximately \$25 million. These additional costs must be borne by someone and it is the taxpayers of New Brunswick who will do so. Reasonable wage increases will mean sustainable public services, Mr. Speaker.

Over the coming year, 14 contracts covering over 20,000 employees will be subject to negotiations. We will work cooperatively with unions and employees to provide fair, reasonable, and affordable wage increases that reflect the cost-of-living and demonstrated recruitment and retention challenges. We stand prepared, as always, to work collaboratively with unions and employees to hear suggestions and find solutions that would allow us to deliver important public services in a more cost-effective manner.

Mr. Speaker, New Brunswickers should be proud of the quality of its public service. We will continue to call upon the professional expertise of the province's public service to build a stronger New Brunswick for all.

Building a Stronger New Brunswick For All

Mr. Speaker, I would now like to turn to this government's budget plan to build a stronger New Brunswick for all. A budget plan that contains new initiatives and reinforces existing ones in each of the four building blocks of our Prosperity Plan: Investing in People, Creating a Competitive Fiscal and Business Environment, Embracing Innovation, and Building Strategic Infrastructure. This budget, Mr. Speaker, provides more investment under both the Provincial Health Plan and the Quality Learning Agenda.

Meeting Our Commitments

This budget confirms once again our dedication to focus on the top priorities of New Brunswickers – health and senior care, education and children, families and those in need, jobs and lower taxes. And it meets specific commitments we made in our platform from the last election listed under our top priorities.

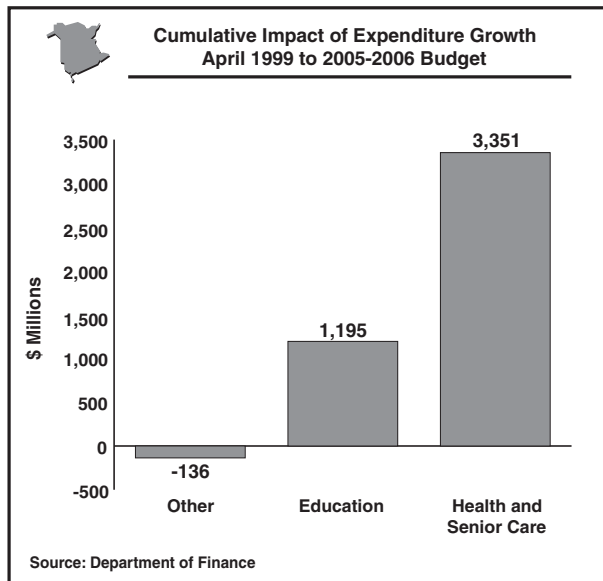
Under this budget, we will take the first steps so that the personal income tax burden at the end of the next three years will be at least five per cent lower than it would have been otherwise.

Under this budget, we will take the next steps so that small businesses will have their corporate income tax rate lowered as part of a three-year plan to lower the rate to one per cent in 2007.

And, under this budget, the books will be balanced with a surplus.

Mr. Speaker, this budget reinforces once more our focus on funding more in health and senior care and education. Since 1999, cumulative new funding for health and senior care will now total \$3.4 billion and \$1.2 billion for education. With this budget, spending per person on health and senior care will have increased by \$1,187 or 63.5 per cent since we took office in 1999.

Direct spending per student in Kindergarten to Grade 12 will have gone up by \$1,598 or 33.1 per cent since 1999.

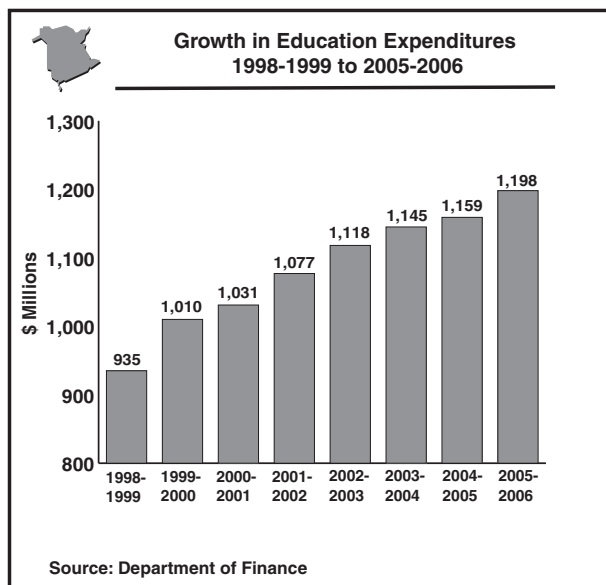


Given the ever-rising cost of providing better health care and the important needs of our education system, maintaining this focus requires that all other government expenditures must be managed closely to compensate.

Education and Children

Mr. Speaker, investing in education and children is really investing in our future prosperity. The Quality Learning Agenda (QLA) is our plan to improve educational outcomes, raise standards, and ensure our children graduate with the best possible education.

This year's budget invests more in our education system than ever before to help us achieve these goals. Total spending in education will rise to almost \$1.2 billion in this budget, a 3.3 per cent increase over 2004-2005.



Education funding for Kindergarten to Grade 12 will increase \$23.0 million over last year's revised expenditures, to a total of \$752.8 million – the highest level ever. Initiatives under the QLA will receive \$15.3 million more under this budget.

Two years ago, Mr. Speaker, we made a commitment to increase the number of teaching positions by 500. This is aimed at putting more resources into the front lines of our education system – the classroom – and helping to address classroom composition issues as well. I am pleased to announce that this year's budget will add funding for 85 more teaching positions. As a result, we will have added 410 teaching positions to the school system since 2003, almost reaching our commitment of 500.

This budget also announces \$2.5 million as part of our \$10 million, four-year Quality Classroom Resources Fund begun last year. In addition, we will invest \$1.1 million for the second year of the pilot laptop research program, along with \$0.7 million for the Quality Technology Infrastructure Enhancement Fund.

Mr. Speaker, graduating from high school is only part of getting the education our children need to find a job and prosper in today's incredibly competitive global economy. We must also graduate more New Brunswick students from university and community college. That is why the Quality Learning Agenda sets a goal to have New Brunswick in the top three provinces in Canada for post-secondary participation, and among the top five provinces as to the proportion of our residents who have graduated from university or community college.

Our government has been strongly committed to post-secondary education from the beginning. We have increased our investments in universities and community colleges in each and every budget. Today, we go further than any previous government in providing more, new, and long-term increases in funding to our universities with two other major commitments.

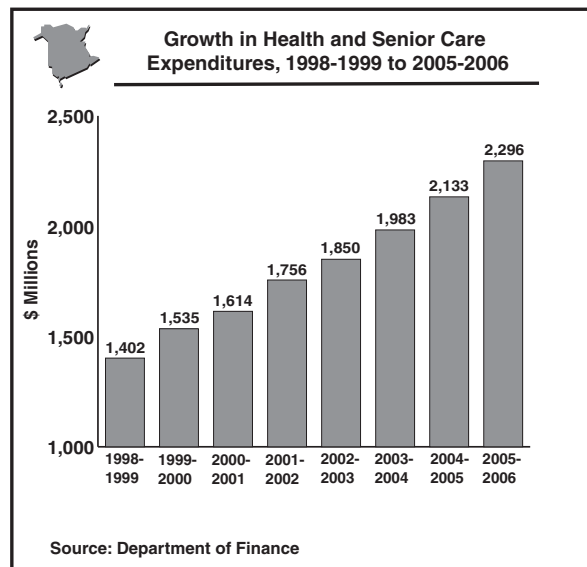
First, increased long-term funding. Funding for universities will increase by 4.6 per cent this year, meeting our commitment to increase funding by 10 per cent over three years. I am also pleased to announce that we will be increasing funding by a further three per cent in 2006-2007 and 3.4 per cent in 2007-2008, meeting our election platform commitment for a total increase of 13 per cent over the four years of this mandate. This means that funding to universities will have increased by 24 per cent or by \$38.3 million since we first came to office. This long-term commitment with predictable funding increases will allow our universities to plan better for the future.

Second, increased funding for university infrastructure. The State of the Province Address highlighted a \$20 million increase to the University Infrastructure Trust Fund, above and beyond the increase in transfers I just announced. This fund will go to improving libraries, research labs, student residences and other important on-campus facilities. This is the second such special infrastructure investment, building on our initial \$15 million investment in 2002, for a total of \$35 million.

To make the student loan program easier for students, we will be integrating our provincial student financial assistance program with the federal program. This will mean that students will only have to manage one loan instead of two.

Health and Wellness

Mr. Speaker, this budget invests more in health and senior care than ever before. Total investment will rise to \$2.3 billion, an increase of 7.6 per cent over what was spent in 2004-2005.



Mr. Speaker, ordinary account funding for the Department of Health and Wellness will increase \$102.8 million over last year's revised expenditures – an increase of 6.1 per cent. Medicare will receive \$20.5 million more; Hospital Services will receive \$55.5 million more; Ambulance Services will receive \$8.2 million more; and the Prescription Drug Program will receive \$11.8 million more.

Funding is up, Mr. Speaker, and so are results. According to the 2004 New Brunswick Health Care Report Card, 87.5 per cent of New Brunswickers expressed satisfaction with their health care system, higher than the satisfaction rate for the rest of Atlantic Canada and the Canadian average.

Mr. Speaker, wellness was raised during our pre-budget consultations as an important area for investment. Preventing illness does not just save our health care system money, but helps people live quality and fulfilling lives. Investing more in wellness is a key strategy under our Provincial Health Plan. We have already taken significant new steps in this area to reduce health disparities between New Brunswick and the Canadian average, such as with our tough anti-smoking legislation. We will spend \$2 million in 2005-2006 to promote healthy living for children and youth in the areas of physical activity, nutrition and healthy eating, tobacco cessation and mental health and resiliency.

Mr. Speaker, our Physician Recruitment and Retention Plan, begun during our first 200 days in office, is paying off. New Brunswick has one of the highest percentages of people with regular access to a family physician in the country at 93 per cent. There are today 177 more doctors working in the province than there were in 1999. This fiscal year just ended will see the largest ever one-year increase in physicians with 50 net new doctors coming to practice here in New Brunswick, compared to only 15 in 1999. Additional measures announced by the Minister of Health and Wellness show we are committed to doing even more.

Mr. Speaker, our Nursing Resource Strategy is also working. Today, there are 570 more full-time nurses working in the province than in 1999, an increase of 11 per cent. We know that nurses are essential front-line health care providers. And we know that we need to ensure we have sufficient nurses not just today, but in the future as well. That is why today's budget announces new funding for nursing programs of \$4.4 million, which includes the addition of 95 new nursing seats at UNB and the Université de Moncton. The 95 new nursing seats are the most significant

increase in nursing education since the Schools of Nursing were transferred to universities in 1995.

Mr. Speaker, through the Provincial Health Plan, we are on track to creating a patient-focused health care system that is far more sustainable into the future than it would have been without these changes. Its vision is clear: provide the right care in the right way at the right time by the right provider at a cost New Brunswickers can afford.

Under the Provincial Health Plan investments in health programs and services are rising, not falling. New Brunswickers know that in a health system this big, savings and efficiencies can be found. Our plan to create new community health centres, reduce the number of hospital beds, and consolidate non-clinical services means we are in a position to invest more, not less, to improve our health care services.

Already, since the plan was released last June, the Minister of Health and Wellness has announced significant new investments: to expand flu immunization to include infants; add new vaccines to protect our teenagers against meningitis, chicken pox, whooping cough and pneumonia; invest \$3.8 million to strengthen the New Brunswick Heart Centre; establish four new satellite dialysis units; create a New Brunswick Cancer Network; expand the extra-mural program by hiring an additional 28 nurses and other health professionals; establish four methadone clinics; and strengthen ambulance services by expanding hours of operation and enhancing training.

Mr. Speaker, we have invested all of the new health care dollars we received under last year's First Ministers health agreement and will continue to do so in the years to come. Even with these new dollars, the federal contribution to health care, post-secondary education and social services in New Brunswick is approximately 24 per cent, below the level of a decade ago. This is anticipated to decline in the future without additional federal support, as the growth in health care and other social programs costs outpaces federal funding.

Families and Seniors

Mr. Speaker, New Brunswickers believe strongly in families and helping those who need it most. Supporting those in need takes many forms including helping them to help themselves. Encouraging personal responsibility and self-reliance is part of building greater opportunity for people and families. That is why we continue to work with individuals on social assistance to provide them with the training and other supports that they require in making the transition to employment. It is also why we have increased the support we provide to low-income families to make child care more affordable and why we will be implementing a one-time transitional benefit of up to \$300 for individuals leaving social assistance for employment.

Our Prosperity Plan is steadily reducing the number of people on social assistance. In June 1999, there were 60,941 monthly recipients in New Brunswick requiring social assistance. Now there are 45,470, a reduction of 25.4 per cent. Mr. Speaker, the best social program is still a job. But we recognize that this will not immediately happen for everyone. We must still provide financial support for those who need it. This budget does just that.

I am pleased to announce therefore that social assistance rates will rise for the first time since 1997. We will increase social assistance rates by six per cent over the next three years beginning with a two per cent increase this year – the largest increase since 1991. When fully implemented, a single parent with two children will receive an annual increase of \$624 more than today. A single parent with one child will receive an annual increase of \$576, and a disabled individual on

Extended Benefits will receive \$432 more annually. The cost of this new measure will be \$2.8 million this year, and will total \$8.6 million by 2007-2008.

This government continues to place a high value on seniors and their care. I am pleased to announce today that this budget will provide for a 9.1 per cent increase in funding for nursing homes. Besides funding the changes to the Standard Family Contribution Policy that we implemented January 1, 2005, this budget will provide for investments in such areas as care, salaries, benefits and general operations including two newly constructed nursing homes.

The government values the services provided by home support agencies and their employees. We have already increased the home support worker hourly rate by \$2.13 since 1999. We recognize that home support agencies are facing increasing service delivery costs and that their employees also deserve a pay increase. To that end, home support agencies will receive a 10 per cent increase over the next three years. We expect the majority of this increase will go to wages and benefits.

Mr. Speaker, this budget continues our commitment to early learning and child care by investing \$11.8 million in our Early Childhood Development Agenda. In 2005-2006, we will continue our investments in wage and bonus increases for staff in child care facilities. We will provide an annual increase of \$100 per child space for early intervention and integrated day care services. A long-term strategy for the recruitment, retention, and training of child care workers will be undertaken. Prevention-based early language services will be expanded to all regions of the province and we will launch a public awareness campaign to support parents in choosing quality child care for their children.

Our on-going support for families, children, persons with disabilities and seniors continues under this budget. The Department of Family and Community Services budget will receive an additional \$19 million this year for a total budget of \$737.7 million.

Mr. Speaker, as you will recall last December, this government introduced legislation to amend the *Assessment Act* to provide a provincial property tax exemption for non-profit low-income residential rental accommodation. I am pleased to say that we have moved forward on this measure and that applications for the exemption will be available to eligible organizations within a few weeks.

This measure will provide much needed property tax relief to non-profit organizations that provide housing to low-income earners who need decent housing at affordable rents.

Lower Taxes and More Jobs

Mr. Speaker, lower taxes help create jobs. We have not just said this for five years, but we have proved it for five years. It should be no surprise that at the same time we have record low tax levels, we have record high employment levels. The two go hand-in-hand.

The personal and corporate income tax reductions introduced by this government have contributed significantly to investment, job creation, economic growth and prosperity. These lower tax rates have helped expand New Brunswick's tax base to ensure that it is capable of financing public services into the future. These tax reductions have helped make New Brunswick more attractive to business investment and job creation. More people working means increased incomes. Our pro-growth strategy is producing results.

Since we took office, we have lowered taxes or created new tax incentives in each and every budget. Today's budget is no exception with measures that will further reduce the tax burden on people and enhance New Brunswick as a place to live and invest.

As a result of tax relief measures we have provided so far, New Brunswickers currently enjoy the lowest provincial personal income taxes east of Ontario. Since 1999, individuals and families have benefited from cumulative personal income tax relief of \$608 million. In 2005-2006 alone, New Brunswickers will realize savings of \$137 million.

Since taking office, this government has reduced personal income taxes at all income levels. Importantly, Mr. Speaker, lower income earners have benefited most from our tax relief policies. New Brunswick has made great strides in giving greater percentage tax reductions to those most in need and reducing the tax on those entering the workforce.

Mr. Speaker, I am pleased to announce that this budget provides an additional \$11 million in tax relief for New Brunswick taxpayers and working families beginning this year. As part of our objective of reducing provincial income taxes by five per cent, building on the 10 per cent reduction in our first mandate, all provincial income tax credit amounts and tax brackets have been indexed to protect against inflation effective January 1, 2005. Indexation will be extended to include the Low-Income Tax Reduction. As a result of these measures, individuals with incomes up to \$12,713 and families with incomes up to \$20,324 will pay no New Brunswick income tax for 2005. This measure alone will remove an additional 3,000 New Brunswickers from paying any provincial income tax.

As a result of measures undertaken by this government, more than 43,000 New Brunswickers will not have to pay any provincial personal income tax when they file their tax returns for 2005, compared to the 1999 tax system. Unfortunately, Mr. Speaker, many of these same New Brunswickers will still have to pay federal tax in 2005, because the federal government has not followed suit and matched our efforts. For example, a single New Brunswicker claiming only the personal amount with income of \$12,713 will pay no provincial income tax, but will pay \$730 in federal income tax. A one-income family claiming only the basic and spousal amounts with income of \$20,324 will also pay no provincial income tax, but will pay \$841 in federal income tax in 2005. I ask my colleagues in this House to join me in calling on the federal government to also eliminate federal income tax on these low-income individuals and families.

Mr. Speaker, since taking office, this government has reduced the general corporate income tax rate from 17 per cent to 13 per cent and the small business rate from six per cent to 2.5 per cent. Combined with the increase in the small business threshold to \$425,000, these measures have contributed to significant growth in the economy and helped create new jobs.

The enhanced Research and Development Tax Credit and the new Small Business Investor Tax Credit have also contributed to a more investment friendly business climate.

Mr. Speaker, over the past five years, we have made significant progress in creating a competitive edge for businesses in New Brunswick. Maintaining that edge is crucial. Our businesses want to know that their government will continue to support their efforts to earn a profit, grow, and invest. This budget confirms our determination to support small business when it comes to staying competitive and creating jobs. And it fulfills our platform commitment from the last election.

Mr. Speaker, our small business corporate income tax rate is currently the lowest in the country and I am pleased to announce today a three-year plan to bring it to one per cent by 2007 – by far the lowest in Canada.

Effective July 1, 2005, the provincial small business corporate income tax rate will be reduced from 2.5 per cent to 2.0 per cent. Effective the same day, the income threshold eligible for the small business corporate income tax rate will increase from \$425,000 to \$450,000. This will result in additional annual savings of \$4 million for New Brunswick businesses, providing them with additional resources to invest and create jobs in the province.

Effective July 1, 2006, we will further reduce the tax rate to 1.5 per cent and raise the income threshold to \$475,000. And effective July 1, 2007 we will implement the final phase of our commitment by reducing the small business corporate income tax rate to 1.0 per cent and raise the income threshold to \$500,000.

As a result of our tax relief plan, New Brunswick small businesses will save an estimated \$12 million more annually once these measures are fully mature.

Mr. Speaker, we committed during the last election to having the third-lowest corporate income tax rate in all of Canada. This budget maintains the current low rate of 13.0 per cent – the third lowest in Canada.

Since 1999, we have provided an estimated \$272 million in cumulative corporate income tax savings. In 2005-2006, this will amount to \$76 million alone.

Mr. Speaker, our Prosperity Plan is working. New Brunswick employment is at record levels, investment is at record levels, our social assistance caseload is down, and corporate and personal income taxes have been reduced.

And, to reinforce our commitment to lower taxes for New Brunswickers, we proclaimed today the *Taxpayer Protection Act*.

Community and Regional Economic Development

Mr. Speaker, strong communities and strong regions are central to our Prosperity Plan. Community and regional economic development are vital means to bring prosperity and opportunity to people where they live. This year's budget therefore announces two significant new measures to support communities across New Brunswick.

First, I am pleased to announce the creation of a new three-year, \$18 million Community Development Initiative. It will consist of three specific components: a \$10 million Community Partnership Fund, a \$6 million Family and Youth Capital Assistance Program, and a \$2 million Community Events Program.

Under the Community Partnership Fund, the province will support and contribute as a funding partner towards the capital cost of new or expanded facilities for recreation, sports, culture, heritage, and other community priorities. As part of our focus on wellness, at least 80 per cent of this new fund will be dedicated to wellness-related activities such as sport facilities, playing fields, walking trails, physical activity and so forth. Other governments and communities themselves will be invited to join with us as funding partners in this important new initiative.

Under the Family and Youth Capital Assistance Program, funding will be provided to assist in the development of community playgrounds, sport and recreational facilities and equipment and community centres.

Under the Community Events Program, support will be provided for such initiatives as fairs, festivals and community-based special events.

Mr. Speaker, Building Strategic Infrastructure is one of the four building blocks of our Prosperity Plan. This needs to occur not just at the provincial level, but at the community level as well. We need to be flexible and responsive to attracting, growing, and maintaining business investment. Local community infrastructure can be an important factor in whether that investment takes place. I am pleased, therefore, to announce the creation of a three-year, \$10 million Community Economic Infrastructure Program with an initial \$2 million investment in 2005-2006. This targeted program will provide assistance to meet various infrastructure needs at the local and community level related directly to a business investment project.

Mr. Speaker, our Prosperity Plan places a high priority on regional and community economic development. Since we took office in 1999, we have created dedicated regional and community economic development funds in the Acadian Peninsula, the Miramichi, and in Restigouche-Chaleur. Working with the private sector, municipalities, and our post-secondary institutions, we have together created over 1,500 new jobs and leveraged over \$300 million in private and public sector investment, so far.

This year's budget continues our commitment to these regions in support of jobs and prosperity. Funding of \$5 million will be provided to the Miramichi Regional Economic Development Fund and \$5 million to the Restigouche-Chaleur Regional Economic Development Fund. Furthermore, I am pleased to announce an extension to the Acadian Peninsula Economic Development Fund by providing \$12 million more over the next three years for a total of \$40 million over eight years to this increasingly successful initiative.

A further \$5 million will be allocated to the Total Development Fund to support resource development.

A well-funded silviculture program helps assure that our Crown forests are managed sustainably and that the forest industry can continue to prosper. The provincial investment in Crown land silviculture today, through the payments to licensees, is 16 per cent higher than when this government came into office in 1999. This budget maintains our silviculture investment at this level.

Mr. Speaker, we are committed to the Canadian Agricultural Income Stabilization (CAIS) program which allows the federal and provincial governments to assist agricultural producers with income shortfalls. Due to the BSE crisis, depressed potato market prices and potato disease problems, farmers have suffered significant losses in the last two years. Funding to this program over the 2004-2005 and 2005-2006 fiscal years will total \$23.7 million.

Tourism revenue has increased by 19.6 per cent since 1999. We will continue to promote New Brunswick as an attractive tourist destination by investing \$600,000 more in tourism infrastructure and by participating in the Tourism Atlantic Marketing Initiative.

Building Strategic Infrastructure

Mr. Speaker, I would like to take a moment to highlight our investments to build strategic infrastructure as set out in our Capital Budget for 2005-2006. Gross capital spending will rise 10.9 per cent over last year to a total of \$423.8 million – the fifth consecutive year in which it has been increased.

The capital budget for the Department of Transportation will be \$242.1 million, which includes \$63.4 million for the Trans-Canada Highway, \$41 million for the new Rural Roads Initiative, \$21.3 million for Routes 11 and 17 and \$12.7 million to improve border crossings at St. Stephen and Woodstock.

Capital investments for Health and Wellness will increase 74.4 per cent from last year's revised figure to \$95.7 million. This includes funding for a new hospital in Waterville, an Emergency and Ambulatory Care Centre and Laboratory at The Moncton Hospital, the completion of the Stan Cassidy Rehabilitation Centre in Fredericton, a surgical services addition at the Bathurst Regional Hospital, four pilot Community Health Centres, and completion of a new addiction centre at the Campbellton Regional Hospital.

The Department of Education's capital budget provides for \$48 million for new schools and repair and rehabilitation of existing schools.

We are continuing to invest in New Brunswick's environment with \$11.1 million under the Infrastructure Program and the newly created Municipal Rural Infrastructure Fund, with a focus on improving "green municipal infrastructure" to ensure safe drinking water and more effective waste management systems.

Mr. Speaker, investments under our capital budget will help create and maintain jobs and improve access to and the quality of our public service facilities.

Innovation

Mr. Speaker, an innovative economy is a modern, competitive economy. Embracing Innovation is one of the four building blocks under our Prosperity Plan. We have set a target of joining the top four provinces in R&D expenditures per capita by 2012. In 2001, gross expenditure on R&D in New Brunswick was \$205 per capita; a year later it was \$245. We are on an upward track.

This budget moves us further up this track. The New Brunswick Innovation Foundation has become a key player in building an innovation culture in the province. I am pleased to announce that we are investing a further \$5 million in the New Brunswick Innovation Foundation, adding to the initial \$20 million fund.

Immigration

Mr. Speaker, many industrialized countries over the next several decades will face the problems of population decline and aging population. New Brunswick is no different. Increasing the levels of immigration of educated and talented people is one method to partially address the problem.

Under the Provincial Nominee Program (PNP), the number of nominations issued was 251 for 2004-2005. In 1999, there were only four people nominated. Altogether, 234 PNP applicants have landed in New Brunswick, representing 594 immigrants.

New Brunswick was the first province to allow international students to work off campus and also the first province to allow students to work for two years in their field of study upon graduation. These programs will encourage these students to stay in New Brunswick should they decide to immigrate.

Mr. Speaker, we need to boost New Brunswick's share of immigrants. That is why this budget allocates \$1 million to the immigration program this year, a 54 per cent increase over last year. The program will be enhanced to coordinate our focus across government on bringing more immigrants to our province. Closer links with multicultural organizations and communities will

be forged to help provide new immigrants with the welcome support mechanisms to live, work, and raise a family right here in New Brunswick.

Culture and Heritage

Mr. Speaker, culture in New Brunswick is a significant contributor not just to our quality of life, but also to our economy. It accounts for over 10,000 jobs in the province. On a per capita basis, provincial government spending on culture was higher than Nova Scotia, British Columbia, Alberta, Ontario and the Canadian average. Under our cultural strategy, direct spending has increased almost 40 per cent, a rate faster and higher than any other Atlantic province. This year's budget maintains this funding commitment with \$8.1 million dedicated to culture.

Mr. Speaker, this government is moving forward on its Throne Speech commitment to help encourage investment in the rehabilitation and preservation of heritage properties in New Brunswick.

We will introduce legislation this session to amend the *Assessment Act* to help encourage private sector businesses to develop and utilize heritage properties. This program will provide a property tax incentive for owners of designated heritage properties who undertake an approved restoration; the owner of the designated heritage property will be forgiven a portion of the net increase in provincial and municipal property taxes resulting from the increase in the assessed value of this property for a four-year period.

Conclusion

Mr. Speaker, setting clear objectives is essential to achieving real economic, social, and financial progress. It is part of our Prosperity Plan. It is part of our Quality Learning Agenda. It is part of our Provincial Health Plan. And it is part of our budget plan.

Our plans are working. Jobs are up. Taxes are down. Investment is up. Debt is down. Our credit rating is up. Unemployment is down.

We have more doctors and more nurses than ever before. We continue to make significant investments in highways and roads.

These are the signs of a growing, more prosperous province. These are the signs of how we are building a stronger New Brunswick for all.

This budget fulfills many additional commitments we made in the last election campaign as part of our platform to reach higher and go further. It sets out record new investments in the priorities that matter most to New Brunswickers. It will help create and maintain jobs. It invests not just in today, but for the future as well.

The difficult decisions we made last year are paying off for New Brunswickers.

Together, we are creating a more competitive and more compassionate New Brunswick.

We are making real progress. But we know there is still more to be done.

This government is committed to getting the job done.

Thank you, Mr. Speaker.

Appendix: Summary Budget Information

BUDGET PLAN
STATEMENT OF SURPLUS OR DEFICIT
2005-2006
Thousands
\$

BUDGET PLAN	<u>Year Ending March 31</u>
	2006
BUDGETARY ACCOUNTS	Estimate
Ordinary Account:	
Revenues.....	5,738,395
Expenditures.....	<u>5,588,880</u>
Surplus (Deficit).....	149,515
Capital Account:	
Revenues.....	41,284
Expenditures.....	<u>423,827</u>
Surplus (Deficit).....	(382,543)
Special Purpose Account:	
Revenues.....	45,375
Expenditures.....	<u>46,080</u>
Surplus (Deficit).....	(705)
Special Operating Agencies (net):	
Revenues.....	57,260
Expenditures.....	<u>46,538</u>
Surplus (Deficit).....	10,722
Sinking Fund Earnings	227,000
Gross Consolidated Revenue	6,109,314
Gross Consolidated Expenditure	<u>6,105,325</u>
(Increase) Decrease in Net Debt	<u>3,989</u>

STATEMENT OF SURPLUS OR DEFICIT	
Gross Consolidated Revenue	6,109,314
Less: Capital Revenues Related to Tangible Capital Assets.....	<u>(37,983)</u>
Operating Revenue	6,071,331
Gross Consolidated Expenditure	6,105,325
Add: Amortization Expense.....	211,564
Less: Investment in Tangible Capital Assets.....	<u>(344,438)</u>
Operating Expense	5,972,451
Surplus (Deficit)	<u>98,880</u>

Note: Columns may not add due to rounding.

**COMPARATIVE BUDGET PLAN
COMPARATIVE STATEMENT OF SURPLUS OR DEFICIT**

Thousands

\$

BUDGETARY ACCOUNTS	BUDGET PLAN		
	<u>Year Ending March 31</u>		
	2005 Estimate	2005 Revised	2006 Estimate
Ordinary Account:			
Revenues.....	5,363,457	5,570,230	5,738,395
Expenditures.....	<u>5,268,423</u>	<u>5,405,933</u>	<u>5,588,880</u>
Surplus (Deficit).....	95,034	164,297	149,515
Capital Account:			
Revenues.....	44,126	38,615	41,284
Expenditures.....	<u>375,800</u>	<u>382,053</u>	<u>423,827</u>
Surplus (Deficit).....	(331,674)	(343,438)	(382,543)
Special Purpose Account:			
Revenues.....	38,303	44,220	45,375
Expenditures.....	<u>37,908</u>	<u>41,992</u>	<u>46,080</u>
Surplus (Deficit).....	395	2,228	(705)
Special Operating Agencies (net):			
Revenues.....	55,084	67,011	57,260
Expenditures.....	<u>44,416</u>	<u>55,966</u>	<u>46,538</u>
Surplus (Deficit).....	10,668	11,045	10,722
Sinking Fund Earnings.....	228,000	219,000	227,000
Gross Consolidated Revenue.....	5,728,970	5,939,076	6,109,314
Gross Consolidated Expenditure.....	<u>5,726,547</u>	<u>5,885,944</u>	<u>6,105,325</u>
(Increase) Decrease in Net Debt.....	<u>2,423</u>	<u>53,132</u>	<u>3,989</u>

STATEMENT OF SURPLUS OR DEFICIT			
Gross Consolidated Revenue.....	5,728,970	5,939,076	6,109,314
Less: Capital Revenues Related to Tangible Capital Assets.....	<u>(42,950)</u>	<u>(36,480)</u>	<u>(37,983)</u>
Operating Revenue.....	5,686,020	5,902,596	6,071,331
Gross Consolidated Expenditure.....	5,726,547	5,885,944	6,105,325
Add: Amortization Expense.....	200,556	200,339	211,564
Less: Investment in Tangible Capital Assets.....	<u>(295,364)</u>	<u>(296,036)</u>	<u>(344,438)</u>
Operating Expense.....	5,631,739	5,790,247	5,972,451
Surplus (Deficit).....	<u>54,281</u>	<u>112,349</u>	<u>98,880</u>

Note: Columns may not add due to rounding.

NEW BRUNSWICK ROAD IMPROVEMENT FUND
2005-2006
Thousands
\$

	Year Ending March 31		
	2005 Estimate	2005 Revised	2006 Estimate
Revenue			
Gasoline and Motive Fuel Tax.....	239,350	236,000	236,000
Expenditures			
Department of Transportation			
Capital Account.....	241,750	234,775	235,080
Ordinary Account.....	<u>140,976</u>	<u>150,976</u>	<u>153,600</u>
Total Expenditures.....	382,726	385,751	388,680
Net Expenditures.....	143,376	149,751	152,680
Source of Funding for Net Expenditures			
Federal Capital Revenues.....	37,450	34,100	36,194
Provincial Contribution from Consolidated Fund.....	<u>105,926</u>	<u>115,651</u>	<u>116,486</u>
TOTAL	143,376	149,751	152,680

N.B. Road Improvement Fund revenues and expenditures are included in the ordinary and capital accounts in the budget plan.

Capital Account expenditures relating to the Vehicle Management Agency have been excluded from the total expenditures above.

Note: Columns may not add due to rounding.

GROSS CONSOLIDATED REVENUE

2005-2006

Thousands

\$

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY</u>	<u>INTER-ACCOUNT TRANSACTIONS</u>	<u>TOTAL</u>
Agriculture, Fisheries and Aquaculture	3,306					3,306
Business New Brunswick	15,821	20				15,841
Education	28,997		19,533			48,530
Energy	337					337
Environment and Local Government	4,741		5,108			9,849
Family and Community Services	61,251	1,150	11,030			73,431
Finance	4,971,427		56			4,971,483
General Government	0		1,715			1,715
Health and Wellness	29,596	3,765	1,335			34,696
Justice	44,066		449			44,515
Legislative Assembly	9					9
Natural Resources	81,422	50	2,543			84,015
Office of the Comptroller	75					75
Other Agencies	276,851					276,851
Public Safety	103,385		2,979	4,977		111,341
Regional Development Corporation	2,208			25,256	(12,256)	15,208
Supply and Services	779	5	515			1,299
Tourism and Parks	3,471		78	958		4,507
Training and Employment Development	105,620		33	99,500	(61,675)	143,478
Transportation	<u>5,035</u>	<u>36,294</u>	<u> </u>	<u>72,440</u>	<u>(71,940)</u>	<u>41,829</u>
TOTAL	5,738,395	41,284	45,375	203,131	(145,871)	5,882,314
Sinking Fund Earnings						<u>227,000</u>
GROSS CONSOLIDATED REVENUE						<u>6,109,314</u>

Note: Columns may not add due to rounding.

GROSS CONSOLIDATED EXPENDITURE

2005-2006

Thousands

\$

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY</u>	<u>INTER-ACCOUNT TRANSACTIONS</u>	<u>TOTAL</u>
Agriculture, Fisheries and Aquaculture	35,051	400				35,451
Business New Brunswick	35,131					35,131
Education	810,241	1,000	19,534			830,775
Energy	1,912					1,912
Environment and Local Government	56,534	1,756	5,600			63,890
Executive Council Office	3,254					3,254
Family and Community Services	737,748		9,500			747,248
Finance	77,545		56			77,601
General Government	482,003		1,715			483,718
Health and Wellness	1,774,996	37,145	1,335			1,813,476
Intergovernmental and International Relations	3,169					3,169
Justice	45,033		449			45,482
Legislative Assembly	16,254					16,254
Maritime Provinces Higher Education Commission	197,666					197,666
Natural Resources	95,037	1,871	2,478			99,386
Office of the Comptroller	4,771					4,771
Office of Human Resources	5,427					5,427
Office of the Premier	1,122					1,122
Public Safety	94,966		3,189	5,077		103,232
Regional Development Corporation	39,956	11,056		27,200	(12,256)	65,956
Service of the Public Debt	601,000					601,000
Supply and Services	94,223	127,419	2,113			223,755
Tourism and Parks	25,764	1,100	78	952		27,894
Training and Employment Development	196,427		33	99,500	(61,675)	234,285
Transportation	<u>153,650</u>	<u>242,080</u>	<u> </u>	<u>59,680</u>	<u>(71,940)</u>	<u>383,470</u>
TOTAL	<u>5,588,880</u>	<u>423,827</u>	<u>46,080</u>	<u>192,409</u>	<u>(145,871)</u>	<u>6,105,325</u>

COMPARATIVE STATEMENT OF ESTIMATED GROSS REVENUE BY SOURCE

2005-2006

Thousands

\$

	Year Ending March 31		
OWN SOURCE	2005	2005	2006
	Estimate	Revised	Estimate
Taxes			
Personal Income Tax.....	983,700	999,200	1,021,000
Corporate Income Tax.....	149,900	173,000	154,200
Metallic Minerals Tax.....	2,200	2,200	2,200
Provincial Real Property Tax.....	326,600	321,000	337,000
Harmonized Sales Tax.....	793,700	722,800	827,600
Gasoline and Motive Fuel Tax.....	239,350	236,000	236,000
Tobacco Tax.....	100,000	99,000	99,000
Pari-Mutuel Tax.....	80	80	80
Insurance Premium Tax.....	36,050	37,350	38,350
Real Property Transfer Tax.....	4,200	4,700	5,200
Large Corporation Capital Tax.....	47,900	39,500	41,300
Financial Corporation Capital Tax.....	<u>8,800</u>	<u>10,000</u>	<u>10,000</u>
Sub-Total: Taxes.....	<u>2,692,480</u>	<u>2,644,830</u>	<u>2,771,930</u>
Return on Investment.....	146,928	135,768	155,528
Licenses and Permits.....	97,170	95,124	102,664
Sale of Goods and Services.....	224,253	209,241	215,181
Royalties.....	68,199	69,054	67,961
Lottery Revenues.....	119,925	120,515	122,925
Fines and Penalties.....	7,835	1,738	1,737
Miscellaneous.....	<u>14,228</u>	<u>16,377</u>	<u>15,521</u>
 TOTAL: OWN SOURCE REVENUE.....	 <u>3,371,019</u>	 <u>3,292,648</u>	 <u>3,453,446</u>
Unconditional Grants – Canada			
Fiscal Equalization Payments.....	1,154,600	1,395,000	1,348,000
Canada Health and Social Transfer.....	0	(100)	0
Health Reform Transfer.....	35,300	35,300	0
Canada Health Transfer.....	385,400	408,800	483,400
Canada Social Transfer.....	196,900	198,400	204,300
Other.....	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>
Sub-Total: Unconditional Grants – Canada.....	<u>1,774,100</u>	<u>2,039,300</u>	<u>2,037,600</u>
Conditional Grants – Canada.....	218,338	238,283	247,349
 TOTAL: GRANTS FROM CANADA.....	 <u>1,992,438</u>	 <u>2,277,583</u>	 <u>2,284,949</u>
 TOTAL: GROSS ORDINARY REVENUE.....	 <u>5,363,457</u>	 <u>5,570,230</u>	 <u>5,738,395</u>

Note: Columns may not add due to rounding.

NET DEBT
2005-2006
Thousands
\$

	Year ending March 31		
	2004 Actual	2005 Revised	2006 Estimate
Net Debt as at March 31 of the previous year.....	6,712,995	6,816,086	6,762,954
(Increase) Decrease in Net Debt for the Year.....	(103,091)	53,132	3,989
Net Debt - End of Year.....	<u>6,816,086</u>	<u>6,762,954</u>	<u>6,758,965</u>