



2007-2008

# BUDGET

**Finance**

**Victor Boudreau**

*Minister*

## **Budget 2007-2008**

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## Introduction

Mr. Speaker, I am pleased to rise in the House today to present the first budget of our new mandate. We are proud to have been chosen by the people of New Brunswick on September 18 to be their government, and we will be a government of action.

We are a government that will establish pride in being a New Brunswicker and pride in becoming a more self-sufficient province. We will provide the people of New Brunswick, including our children, with economic opportunities so that they can continue to live and work in our province, rather than having to look elsewhere. We will not be a government that looks back and says that we could have changed the lives and fortunes of New Brunswickers, if only we had the courage to lead. In the six months since being sworn in, we have taken the initial steps to implement our vision for the future self-sufficiency of our province, our *Charter for Change*.

On our first day in office, we delivered on our election commitments by:

- Removing the provincial gasoline tax increase of 3.8 cents per litre imposed by the previous government;
- Announcing \$2,000 grants for first-year university students;
- Eliminating parental and spousal contribution requirements for student loans;
- Removing assets and life savings from the calculation that determines a senior's ability to pay for nursing home and long-term care services;
- And delivering a commitment to fund the provincial share of the costs for the Saint John Harbour clean-up.

And we have not stopped there, Mr. Speaker. Other initiatives we have taken include:

- Launching the Self-Sufficiency Task Force;
- Forming the Population Growth Secretariat to help reverse population decline and increase the number of people living and working in New Brunswick;
- Increasing the provincial minimum wage rate to \$7.00 per hour on January 1, 2007, with another increase to \$7.25 per hour on July 1, 2007;
- Launching the Commission on Post-Secondary Education in New Brunswick;
- Keeping our commitments on gasoline price regulation;
- Announcing wind-power generation projects to increase renewable energy generation in the province;
- Unveiling comprehensive programs that make New Brunswick the leader among the provinces in residential energy efficiency programs;
- Securing significant reductions in automobile insurance premiums for consumers;
- Launching reforms in the delivery of comprehensive child protection services in order to protect children, provide more assistance to families, and strengthen the role of social workers;
- And launching the Community Non-Profit Task Force.

This, Mr. Speaker, is how a Liberal government takes action to meet its commitments. We will be a government that looks to the future and does what is right, not one that lives in the past.

Mr. Speaker, I am proud to say that the 2007-2008 Budget is prudent, transparent and balanced. This is a transactional budget that brings revenues and spending into balance.

Moving forward over our mandate, we will be looking at transformational changes to government and our economy to position ourselves to achieve greater self-sufficiency.

### ***Charter for Change***

With today's budget, the government will take the next steps to implement its *Charter for Change*. Over the course of our mandate, we will set the framework for:

- Creating the environment for growing the economy and creating better-paying and lasting jobs in both urban and rural areas of the province;
- Providing opportunities for our young and skilled people to live and work in New Brunswick and raise their families here;
- Growing the population through immigration and the repatriation of New Brunswickers across Canada and around the world;
- Helping to sustain the environment and conserve energy;
- Helping our children get a quality education and become more physically fit;
- Providing a quality, accessible and affordable health and senior care system;
- And for a self-sufficient New Brunswick by 2026.

These are ambitious goals, but we will make the necessary decisions to support them. Achieving self-sufficiency will require not only making strategic investments and providing the environment for economic growth, but also maintaining fiscal responsibility and accountability.

Mr. Speaker, this government is planning ahead. We are a government moving forward, not looking back. This is what today's budget is all about.

### **New Brunswick's Financial Challenge**

Mr. Speaker, upon taking office, this government followed standard practice and commissioned Grant Thornton to complete an independent review of the province's finances.

The Grant Thornton report confirmed advice that we received from the Department of Finance upon taking office – that without corrective action, spending will outpace revenue considerably, leading to large, growing deficits and debt. Rising costs of health and senior care, wages and other programs will contribute to significant growth in government spending, while, at the same time, revenues are being constrained by the lack of population growth and previously announced tax initiatives.

Grant Thornton concluded that given historical trends, when combined with previous program decisions, the financial challenge over the next three years was as follows:

- 2007-2008: net expenditure pressures in the range of \$300 - \$416 million.
- 2008-2009: net expenditure pressures in the range of \$548 - \$719 million.
- 2009-2010: net expenditure pressures in the range of \$573 - \$773 million.

The previous government was well aware of the looming financial challenge but chose not to present this information to New Brunswickers prior to the election. Rather than hiding the facts, our government is being open and transparent with New Brunswick residents.

This is the financial challenge we inherited. And it is one that we have addressed with today's budget. We must be fiscally responsible. We must take the necessary steps to ensure that revenues and spending are in balance. We are not prepared to burden New Brunswickers with large, growing deficits and debt.

The bottom line is that we must raise sufficient revenues to help provide the services that New Brunswickers deserve and expect. We need to ensure that our tax system generates sufficient revenues on its own to help meet our spending obligations.

Mr. Speaker, this is the situation we faced leading to today's budget. We have made some difficult, but necessary decisions; decisions that will bring revenues and spending into balance. We have also made decisions that will further implement our *Charter for Change*, as we strive for a self-sufficient New Brunswick by 2026.

### **Listening to New Brunswickers' Priorities**

Mr. Speaker, the people of New Brunswick are our greatest resources and their priorities and concerns matter.

We provided the people of New Brunswick the opportunity to offer their input into the budget process through an Internet questionnaire and written comments. We have also engaged stakeholders throughout the province. Today, we extend our thanks to all those who participated in the process, we welcomed their contributions and took them into account as the 2007-2008 Budget was formed.

New Brunswickers have confirmed to us that their priorities are quality and affordable health and senior care, sustainable economic development and job creation, better education for our children and strong fiscal management. They want a clean, sustainable environment. They want investment in public infrastructure. They would like young New Brunswickers to have the opportunity to stay and work in the province. These are our priorities as well.

### **Economic Review and Outlook**

Mr. Speaker, I would now like to review New Brunswick's economic performance in 2006, and provide an outlook for 2007.

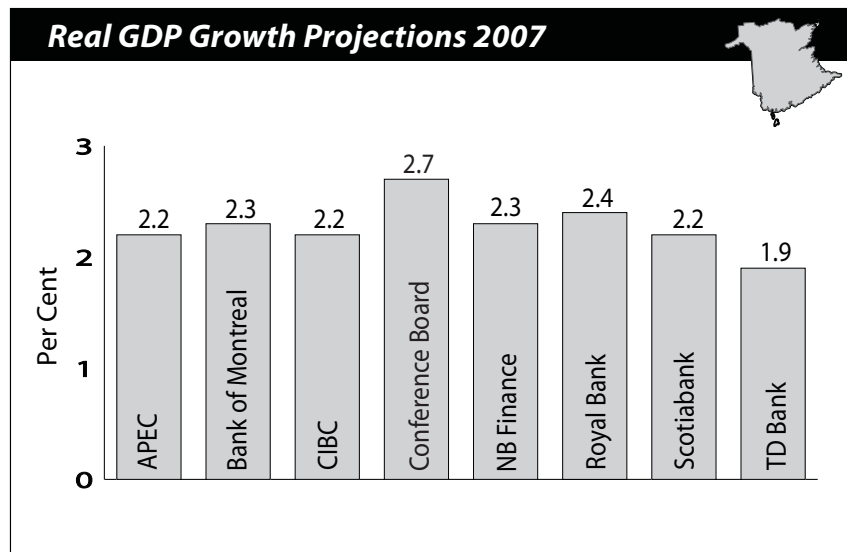
For New Brunswick, 2006 was a year of recovery from a weak performance the previous year. The Department of Finance now estimates real Gross Domestic Product (GDP) growth at 2.3 per cent in 2006, compared to the 0.3 per cent increase in 2005. Most key economic indicators posted solid performances in 2006.

For example:

- Capital investment was the major engine of growth, increasing 4.5 per cent and reaching a record \$5.0 billion;
- Employment increased 1.4 per cent, or 4,900 net new jobs, posting the strongest growth rate east of Ontario;
- The provincial unemployment rate fell to 8.8 per cent, its lowest level in three decades;
- Average weekly earnings increased 3.3 per cent in 2006, compared to the 3.0 per cent Canadian increase;
- Retail sales recorded their strongest growth since 1999, up 5.9 per cent;
- Strong world prices for zinc pushed the value of mineral production up 63.8 per cent to a record \$1.5 billion;
- And consumer inflation rose 1.6 per cent, the lowest increase among the provinces.

These positive developments more than offset weakened foreign exports and manufacturing shipments during the year.

Mr. Speaker, New Brunswick's economic growth in 2007 will be led by increased capital investment, which will offset slowing United States demand for some manufactured commodities, especially wood and other residential building products. Private sector forecasters are expecting the New Brunswick economy to expand between 1.9 and 2.7 per cent. The Department of Finance is forecasting real GDP growth to be within this range, at 2.3 per cent for 2007.



Strong growth in business investment is expected from the construction of the LNG terminal in Saint John and the refurbishment of the Point Lepreau nuclear power plant. Statistics Canada estimates capital investment in New Brunswick will report the strongest performance among the provinces in 2007, with a 12.7 per cent increase to a record level of nearly \$5.6 billion. Employment opportunities should continue to increase, with the provincial unemployment rate expected to trend downward during the year.



## **A Self-Sufficient New Brunswick**

Mr. Speaker, if New Brunswick is to achieve self-sufficiency by 2026, modest economic growth rates are not sufficient to translate into a significant expansion of the provincial tax base. Stronger, more sustainable rates of economic growth are necessary to generate a higher level of provincial revenues that will provide the government with greater ability to fund essential public services, and invest in the people of New Brunswick.

Growth in population, economic output, productivity and income levels must increase more rapidly, and make substantial progress relative to national levels. In 2005, nominal GDP per capita for New Brunswick averaged 75.8 per cent of the national average, while personal income per capita for New Brunswick was only 85.4 per cent of the average for Canada. To accomplish our goals, transformational change in our economy is required. That will be our focus moving forward.

This is not strictly a rural or urban issue, or a new economy versus traditional economy issue. All regions and all industries in the province must be growing and diversifying to provide the opportunity to transform the province.

To this end, the government looks forward to the recommendations in the report of the Self-Sufficiency Task Force to be presented in April following public consultations.

## **2006-2007 Fiscal Update**

Mr. Speaker, I would now like to provide an update on the fiscal situation in the current year. I am pleased to report that for 2006-2007, we are now projecting a surplus of \$34.6 million. This compares to the modest surplus of \$22.2 million projected at budget, and the projected deficit of \$17.6 million in the Grant Thornton report that was released in late-December.

Since that time, the province has received significant, new information confirming improvements to the province's revenue position. In February, the province received confirmation of significant prior-year adjustments – reflecting underpayments in 2005 – that will contribute to higher revenues from both personal and corporate income taxes. A stronger financial performance by NB Power – led by higher water levels, lower fuel costs and warm weather in the early winter – has contributed to a \$57 million improvement in New Brunswick Electric Finance Corporation net income relative to budget. And, Harmonized Sales Tax (HST) revenues will be positively impacted by the elimination of the home energy HST rebate and increased federal payments.

Spending has increased from budget in part due to projected deficits in the Regional Health Authorities. New government initiatives related to senior care have also resulted in additional spending.

The government will provide its remaining \$26.6 million share of one-third of the clean-up costs for the Saint John Harbour prior to year-end. The province will be providing additional

funding to universities of \$68 million in 2006-2007. And, funding will be provided for the stabilization and support for credit unions and caisses populaires in New Brunswick.

The *Fiscal Responsibility and Balanced Budget Act* calls for a balanced budget over the 2004-2005 to 2006-2007 fiscal period, and a reduction in the net debt-to-GDP ratio from the previous fiscal period. I am pleased to report that these requirements will be met. We are anticipating a cumulative surplus for balanced budget purposes of \$395.5 million for the three-year period, with the net debt-to-GDP ratio projected to fall from 31.0 per cent in 2003-2004 to 26.9 per cent in 2006-2007.

Mr. Speaker, supplementary estimates for 2006-2007 spending will be tabled today in addition to the 2007-2008 spending estimates.

### 2007-2008 Fiscal Outlook

Mr. Speaker, I would now like to provide an outlook for the 2007-2008 fiscal year.

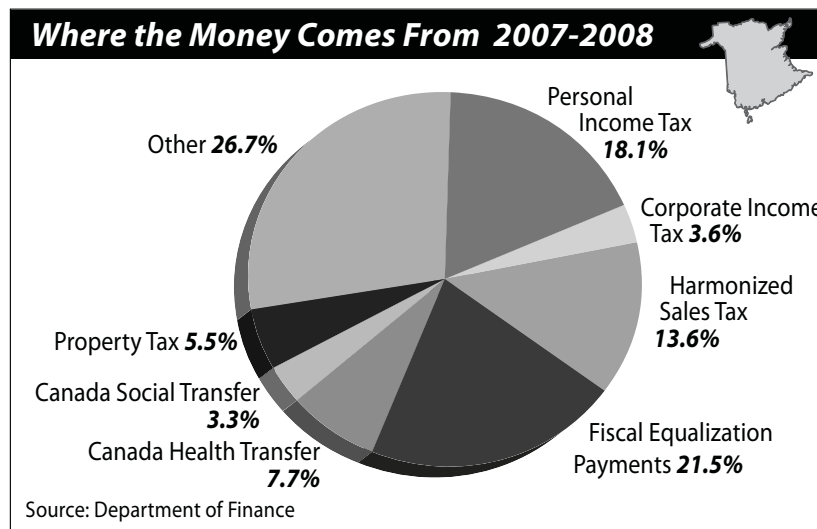
As mentioned earlier, the government was confronted with a significant financial challenge upon taking office. For 2007-2008, Grant Thornton estimated net expenditure pressures in the range of \$300 - \$416 million based on historical trends and existing policies, and growing larger in the future.

We were not prepared to let this happen, Mr. Speaker. And we did not.

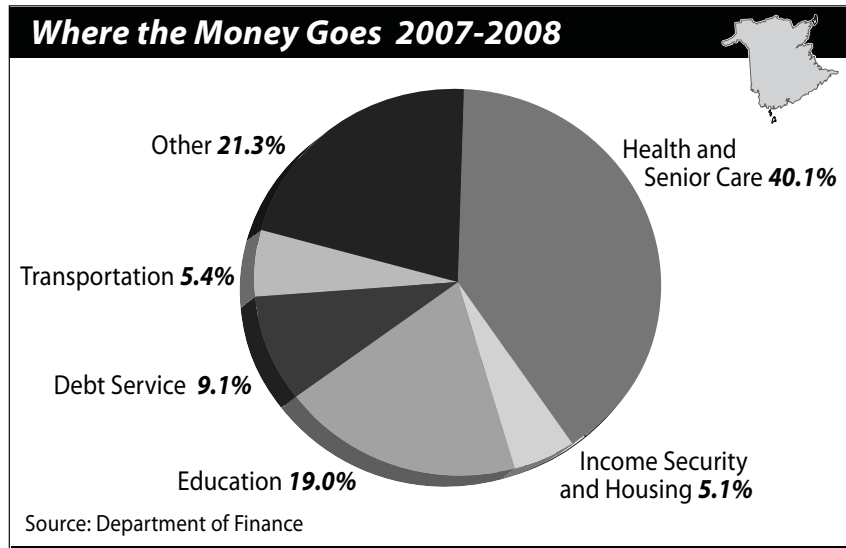
Today I am pleased to announce a projected surplus of \$37.1 million for 2007-2008.

This has been accomplished through a combination of revenue measures and expenditure restraint, in addition to revenue improvements over the last number of months.

Revenues are projected at \$6.677 billion for 2007-2008, representing 2.8 per cent growth over the revised 2006-2007 level.



Expenses are projected at \$6.640 billion, or 2.8 per cent growth over the 2006-2007 revised spending level.



Mr. Speaker, it should be noted that the province's net debt is anticipated to increase by an estimated \$356 million in 2007-2008, attributable mainly to the completion of the twinning of designated sections of the Trans-Canada Highway between Woodstock and Grand Falls. The full cost of this project is coming on the province's books this year as per an agreement made by the previous government.

### **Addressing the Financial Challenge**

Mr. Speaker, New Brunswickers deserve to know how the financial challenge was addressed. This has been achieved through a combination of factors.

First, in December, upon release of the Grant Thornton report, we began to address the province's financial challenge by eliminating the home energy HST rebate. This was a difficult decision, but it was the most appropriate among hard choices, given that the rebate was inconsistent with the government's overall objective of energy conservation and efficiency. This served to reduce the financial challenge by \$61 million.

Second, today's budget includes a number of measures that will help bring revenues in line with spending. We must ensure that our tax system helps pay for the services we deliver. New revenue measures will result in additional revenues to the province of an estimated \$115 million annually.

Third, departments have been directed to realize a total of \$25 million in program administration reductions in 2007-2008. Their budgets have been adjusted accordingly. The departments will be accountable to the government for ensuring that the reductions do not negatively impact core programs, grants and services.

Fourth, overall spending growth has been constrained for 2007-2008. Budget decisions have been prioritized. Certain initiatives will not be funded in the coming year. The additional \$68 million grant to universities in 2006-2007, combined with expenditure restraint, has served to reduce 2007-2008 spending pressures by an estimated \$100 million.

Finally, provincial revenues are now projected to be higher than at the time that Grant Thornton released its report on the province's finances. This accounts for the remaining improvement to the province's financial position. I would now like to elaborate on this further.

In late-February, the province received confirmation that because of significantly higher world zinc prices resulting from strong demand, which are expected to remain high, metallic minerals tax revenue will reach an unprecedented level. The value of zinc produced in New Brunswick increased from \$408 million in 2005 to over \$902 million in 2006. For 2007-2008, revenue from the metallic minerals tax of approximately \$70 million is anticipated. In comparison, this revenue source has averaged \$4 million annually over the past two decades. This is a significant, extraordinary development.

If current volume levels and prices are sustained, this could potentially translate into revenue windfalls over the next several years. This will not be long-lived, however, as the operating life of Brunswick Mines is expected to run its course by 2010.

The province also received revised income tax estimates in February 2007 that confirmed that the province was significantly underpaid for prior years. This has increased our forecast base, and translated into higher projections of income tax revenues for 2007-2008.

It is not uncommon to have changes in revenues during the year, Mr. Speaker, particularly for a province like New Brunswick where much of our revenue is based on federal estimates and payments. That being said, New Brunswick was recently recognized in a C.D. Howe Institute report for having one of the best track records in the country in terms of forecast accuracy for revenues and spending.

Mr. Speaker, this summarizes how we addressed the financial challenge. This is a transactional budget that brings revenues and spending back into balance. Difficult, but necessary, decisions were required. We are committed to sound financial management and will take the necessary action to ensure that revenues and spending remain balanced in the future.

## **Investing in the *Charter for Change***

Mr. Speaker, today's budget reflects significant investments in health care, education, senior care and energy conservation, amongst other program areas. These investments are consistent with priorities identified by New Brunswickers and within our *Charter for Change*.

The ordinary account budget for the Department of Health will increase by \$127 million, or 6.6 per cent, over revised 2006-2007 estimates to a level of \$2.1 billion. This includes additional funding of \$58.8 million for Hospital Services, \$14.8 million for the Prescription Drug Program, and \$31.4 million for Medicare.

This budget includes funding for a number of our *Charter for Change* commitments. An additional \$13.7 million is provided for the Ambulance Enhancement Strategy. Under this strategy, the province will develop a single provincial ambulance system to meet international accreditation standards, and expand the use of communication technologies between ground and air ambulances and emergency departments or trauma centres.

Funding has been committed towards the development of a Chronic Disease Management Strategy for diabetes to improve access to necessary medication, supplies and devices. Funding will also be provided to support new palliative care beds for Dalhousie and Caraquet.

Today's budget also includes \$3 million for new oncology clinics in Campbellton, Bathurst and Caraquet, \$1.7 million to enhance extra-mural programs, and \$1.2 million to expand satellite dialysis access in Miramichi.

In addition, this budget includes funding for the development of an electronic health record. Work will continue on the planning and design of various components of an electronic health record, as well as commencing the implementation of several foundational pieces, such as a provincial Diagnostic Imaging Archive and a Prescription Drug Monitoring Program.

Mr. Speaker, the Department of Education operating budget will increase by 5.7 per cent to \$875.6 million. This government will honour the commitment of the previous government to continue the class-size reduction program by reducing the maximum class size by one student in all grades. We will also address classroom composition issues by adding more teaching positions. In total, this budget provides funding for an additional 283 teaching positions in 2007-2008.

As we stated in our *Charter for Change*, we endorse the recommendations of the MacKay Report on inclusive education in New Brunswick. This budget includes \$10 million in funding towards the MacKay initiatives, a \$5 million increase over 2006-2007 spending. In addition, a total of \$1.2 million will also be available to provide training to teaching assistants and methods and resource teachers in applied behavioral analysis in support of students with autism.

This budget also provides for Community Schools Pilot Projects in the school districts. As well, it provides for funding towards literacy improvements for school-age children in partnership with the private and not-for-profit sectors.

Enhancing post-secondary education and skills training is vital to our future economic health and prosperity. We will be honouring the commitment of the previous government of a 3.4 per cent increase in funding for universities. We will also follow through on a Day-One commitment by removing parental and spousal income from the assessment of New Brunswick student loans effective August 1, 2007. This initiative will cost the government an estimated \$7 million to implement in 2007-2008 and will help improve affordability and access to higher educational institutions for all New Brunswickers. We encourage the federal government to also review their programming to help make post-secondary education more accessible and affordable for students.

Challenges that New Brunswick must confront in achieving self-sufficiency include a looming skills shortage and low literacy rates in our adult population. We must meet these challenges head on. Some adult New Brunswickers have a strong work ethic, as well as a variety of unrecognized skills, but may have difficulty contributing to and benefiting from our transition to a knowledge economy without improving their literacy, numeracy and basic computer skills.

To address this challenge, we are providing \$500,000 to support community-based adult learning in 2007-2008. These additional funds will allow us to work with our community partners to both improve and expand direct service delivery. They will support the integration of our Community Adult Learning Program (CALP) with our Community Access Centre Program to increase accessibility to a wider variety of learning options, including the incorporation of the increased use of technology and a new workplace essential skills curriculum.

Ordinary account spending by the Department of Family and Community Services will increase 8.4 per cent to \$868.1 million. To honour the commitment in our *Charter for Change*, and show our respect for seniors, a Minister of State responsible for seniors has been established. Since one in seven New Brunswickers are seniors aged 65 and over, it is important that New Brunswick's society supports the independence, dignity, and well being of seniors and listens to their concerns.

Today's budget reflects our commitment to improving access, quality of care and affordability for seniors requiring nursing home or home care services. A total of \$38.7 million will be invested in following through on our commitments to exempt senior's assets from the calculation of nursing home fees, increase nursing home care to three hours per day, restore in-home support to a maximum of 215 hours per month, reduce the nursing home rate to \$70 per day to reflect room and board costs, and increase the Special Care Homes rates for Level I and Level II residents to a standard subsidy rate of \$74 per day on April 1, 2007.

In October 2006, social assistance rates were increased by 2.0 per cent. With today's budget, we will be increasing social assistance rates by a further 3.0 per cent effective October 2007, to help those most in need. This is the first step in our *Charter for Change* goal to raise social assistance rates to the average for Atlantic Canada.

In order to meet the needs of a vibrant energy sector, the Department of Energy will grow to ensure that all opportunities are realized both domestically and internationally. Particular attention will be placed on balancing the growing needs of consumers, industry, and the environment. This will include a feasibility study of a second nuclear reactor at Point Lepreau.

Today's budget also provides an additional \$15.3 million to the New Brunswick Energy Efficiency and Conservation Agency for comprehensive home energy conservation initiatives, along with new programs for commercial and industrial sectors. Making New Brunswick a leader in energy conservation is a priority of this government. Residential energy efficiency programs announced in January 2007 represent a commitment of more than \$26 million in 2007-2008 by the provincial government for residential energy efficiency improvements. These programs include grants and loans for energy conservation projects by existing homeowners, small apartment owners, low-income housing or apartment units, and for new home construction. Green House Gas (GHG) emission reductions resulting from these programs are significant. For example, the existing homes program will reduce GHG emissions by, on average, seven tonnes per house per year.

Mr. Speaker, an important element of our *Charter for Change*, and the road to self-sufficiency, is providing the environment to grow our population and economy. Additional funding of \$1.8 million over 2006-2007 revised spending is provided today for the newly created Population Growth Secretariat, for a total budget of \$3 million in 2007-2008. The Secretariat will have a mandate to help reverse the province's population decline and increase the number of people living and working in New Brunswick.

A number of other funding enhancements and initiatives in today's budget are worth noting.

A total of \$400,000 is being provided to the Department of Fisheries to enhance product and market development activities, with an emphasis on international marketing of seafood. The Department of Agriculture and Aquaculture will invest \$400,000 in domestic marketing initiatives and will be provided with additional funding for a number of capital investments that I will address later.

To assist the forest industry in its long-term growth and development, we will maintain our current funding levels for private and Crown land silviculture.

Mr. Speaker, the proposed Irving Oil refinery project would be the largest industrial project in New Brunswick's history, and the government is committed to ensuring that the appropriate environmental assessment is carried out. Consequently, a team of project specialists will be established within the Department of the Environment to ensure a full and thorough review and evaluation of the potential environmental impacts associated with this project.

Municipalities will see a \$1.3 million increase in unconditional grant funding for 2007 that will benefit all 102 municipalities in the province.

We are committed to establishing a bilateral and tripartite forum with First Nations and the federal government. Discussions must also take place to establish and undertake the joint planning necessary to make Treaty Day a reality. This budget invests \$200,000 in these meaningful events.

Tourism will see increased funding of \$1.2 million to enhance tourism marketing campaigns and improve highway signage.

The Department of Public Safety will see an additional \$1 million in this budget to establish an *Off-Road Vehicle Act* enforcement team in light of new legislation.

An additional \$1.4 million will be provided towards the provision of RCMP services that include introducing Community Program Officers to focus on community-based programs with a particular emphasis on youth.

This government will continue to work toward ensuring that pay equity extends to all parts of the public service, as well as to those workers who provide essential services purchased by the provincial government in sectors such as child care, home support for seniors and transition houses.

Planning and program design for the Northern New Brunswick Initiative will be completed, recognizing that significant infrastructure investments are needed to maximize the impact on northern New Brunswick in regards to self-sufficiency.

Today's budget also includes \$41.7 million in new spending related to federal trust funds announced in September 2006. This includes funding in support of affordable housing, Aboriginal off-reserve housing, post-secondary infrastructure, and public transit. The remainder of this funding will be invested in 2008-2009.

These funding enhancements and initiatives reaffirm our commitment to the priorities of New Brunswickers, and our commitments to implementing our *Charter for Change*. Ministers will have additional details at Main Estimates.

## **2007-2008 Capital Budget**

Mr. Speaker, capital investment in New Brunswick by business and government is traditionally a strong indicator of economic growth and business and consumer confidence. With growth in capital spending in New Brunswick expected to lead the country in 2007, the province will do its part by investing strategically in the public infrastructure that is vital to our goal of becoming self-sufficient by 2026. We must improve our transportation and green infrastructure, schools, and health facilities if we are to compete for resources and business in an increasingly global marketplace. But we must invest responsibly.



I would now like to outline the spending initiatives in our capital budget.

For 2007-2008, the capital budget contains spending of \$311.9 million, excluding the one-time Trans-Canada Highway payment of \$543.8 million. This capital budget will focus spending on projects that are currently under construction, and will provide funding to maintain our existing infrastructure.

Capital spending by the Department of Transportation, excluding the one-time Trans-Canada Highway payment, will be \$180.6 million in 2007-2008, with highway infrastructure investments of \$173.6 million. Investments will be made in Routes 11 and 17, and bypass roadways in Moncton, Riverview, Dieppe, and the Route 8 Nashwaak Bypass. Road infrastructure needs of rural New Brunswick will continue to be addressed. Funding is also available for work on Route 1 between Waweig and the Canada-United States border at St. Stephen, including the new international bridge, and to complete Route 95 between Woodstock and the United States border. The twinning of the Trans-Canada Highway from Woodstock to Grand Falls will be completed in 2007. Planning and design activities will be carried out for the Route 7 Welsford Bypass, as well as ramps on Highland Road.

In addition to the Department of Transportation highway infrastructure investments noted above, there will be an estimated \$175 million in construction activity to complete the Route 2 developer-built portion of the Trans-Canada Highway project in the upper Saint John River valley.

For the Department of Education, capital investment will total \$30.6 million, including spending on new or renovated facilities at a number of schools and funding for health and safety issues within schools across the province.

The New Brunswick Community College network will see investments of \$7.9 million for capital improvements, repairs and renovations. This includes \$6.9 million in funding from the Post-Secondary Infrastructure Trust Fund.

Investments in the health sector will be led by completion of several significant initiatives, including the new hospital in Waterville, expansion of the emergency centre, ambulatory care centre and laboratory at Moncton Hospital, the new surgical suite in Bathurst, and a new fixed MRI unit in Fredericton. Funding is also included for renovations to the Hôpital régional Dr-Georges-L.-Dumont to provide space for clinical education for New Brunswick medical students.

An additional \$3.4 million will see the completion of renovations at the Restigouche Hospital creating a secure 20-bed forensic psychiatric unit and a two-bed secure seclusion area. Planning and design for an addition to house a new Emergency Department at Saint John Regional Hospital will begin this fiscal year.

Through federal-provincial initiatives, investments in the Department of Agriculture and Aquaculture include \$2 million for a new veterinary laboratory incinerator and the construction of a new post-mortem/incinerator room, and \$650,000 to construct a stand-alone Foreign Animal Disease Testing Laboratory unit at the veterinary laboratory in Fredericton. Additionally, the province will invest \$1.2 million in a new Provincial Fish Health Laboratory in St. George.

A total of \$1.2 million will be invested in the Sentier NB Trail system for repairs and to rehabilitate bridges. An investment of \$800,000 will be provided as an additional contribution to the province's \$1.75 million commitment towards the Miscou Island Eco-Tourism Development Project.

We will also be exploring public-private partnerships in moving forward on the Saint John and Moncton courthouse projects, along with the construction of a new detention centre.

Mr. Speaker, today's capital budget is prudent and provides for needed public infrastructure. We will continue to make strategic capital investments over the course of our mandate.

### **Fair Taxation to Fund Public Services**

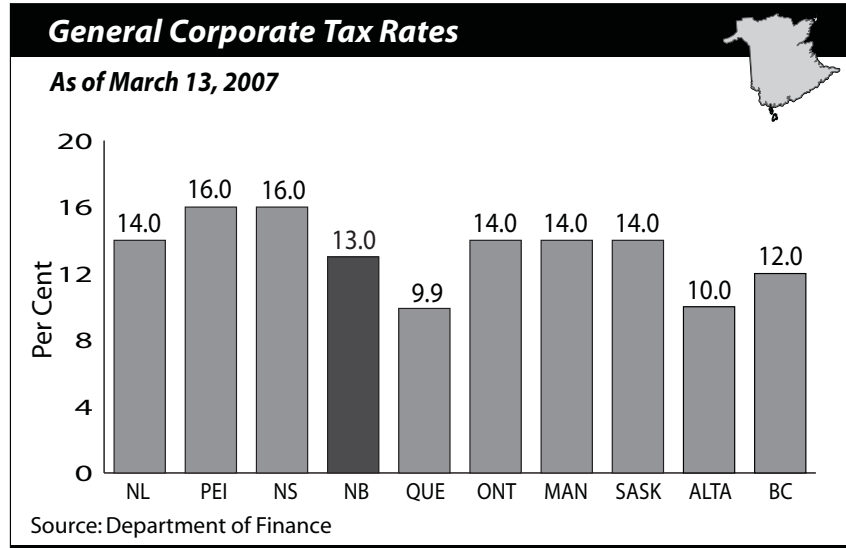
Mr. Speaker, we all enjoy lower taxes. But when the level of taxation is insufficient to ensure the continued provision of essential public services that New Brunswickers deserve and expect, it needs to be addressed. That is the situation we face. Tax reductions made over the past number of years are not sustainable. In its report, Grant Thornton noted that the constrained increases in tax and other revenues is a major factor in the financial pressures facing the province.

Revenue measures announced today will ensure that both people and business contribute their fair share to addressing the financial challenge, while protecting our most vulnerable residents.

Effective January 1, 2007, the province's personal income tax rates will be increased in order to generate an additional \$50 million in revenue annually. The new rates will be 10.12 per cent on the first income bracket, 15.48 per cent on the second, 16.80 per cent on the third and 17.95 per cent on the fourth bracket. This will be reflected in source deductions for employees beginning July 1, 2007. Even with this measure, New Brunswick still has the lowest personal income tax burden in Atlantic Canada. Personal income tax brackets and personal amounts have been indexed for the 2007 taxation year, protecting taxpayers against the effects of inflation.

Mr. Speaker, this is a very modest increase in personal income taxes. For example, a single individual with taxable income of \$30,000 in 2007 will pay an additional \$72 in New Brunswick personal income taxes, compared to 2006. A one-earner family with taxable income of \$40,000 will pay an additional \$42 in New Brunswick personal income taxes, compared to 2006.

The provincial general corporate income tax (CIT) rate will increase to 13.0 per cent effective January 1, 2007, restoring the rate that was in effect for the 2006 taxation year. This will generate an estimated \$17 million in additional revenue in 2007-2008. New Brunswick's general CIT rate is the fourth lowest in Canada.



The provincial small business corporate income tax rate will be increased to 5.0 per cent effective January 1, 2007, and the income threshold eligible for the small business CIT rate will be decreased from the current level of \$475,000 to \$400,000. The small business CIT rate is the third lowest in Canada and the income threshold matches all other provinces except Alberta. This will result in additional revenues of approximately \$35 million.

The government has also directed Alcool NB Liquor to increase its net income by \$13 million annually. Alcool NB Liquor will have discretion in how to achieve this objective.

In total, these measures will generate an estimated \$115 million in revenue annually.

Mr. Speaker, the federal government has announced that the federal component of the GST/HST Visitor Rebate Program will be eliminated effective April 1, 2007. I am announcing today that the government will eliminate the provincial component of the Visitor Rebate Program as of that date.

Since taking office, Mr. Speaker, this government has implemented a number of measures that are benefiting New Brunswickers. Today, I want to reaffirm our commitment to these measures. The one-time Home Energy Assistance Program, which provides a \$100 rebate to low-income families, is benefiting New Brunswickers in 2006-2007. The removal of the 3.8 cent per litre increase in gasoline tax instituted by the previous government, and the \$2,000 rebate for first-year university students will continue to benefit New Brunswickers.

The two-rate Dividend Tax Credit structure announced in November 2006 will be modified with today's budget. As a result of the increase to the provincial small business CIT rate announced today, the tax credit on dividends received from small business on or after January 1, 2007 will be increased from 3.7 per cent to 5.3 per cent. This measure will help preserve the fairness of the tax system.

The Tuition Rebate program will be amended, providing tax relief to recent graduates of eligible post-secondary institutions beginning this year.

Today, I am announcing additional measures that will benefit low-income residents, seniors and pensioners, help stimulate investment in the province, and protect farmers.

Mr. Speaker, our government is committed to protecting those least able to pay. The Low-Income Tax Reduction has been enhanced as scheduled so that all single tax filers with incomes up to \$13,750 and families with incomes up to \$23,050 will pay no provincial personal income tax for the 2007 taxation year.

We will also implement our *Charter for Change* commitment by doubling the Low-Income Seniors Benefit from \$100 to \$200 effective April 1, 2007. This will provide an estimated \$3.3 million in additional benefits, for a total of \$6.5 million annually from the program, for our low-income seniors.

New Brunswick supports the federal initiative to allow pension income splitting. Couples with pension income in New Brunswick will be able to split eligible pension income for provincial tax purposes effective for the 2007 taxation year. This measure will provide tax relief to couples with pension income by permitting the higher-income spouse to allocate up to 50 per cent of pension income to the other spouse, which is taxed at lower rates. We estimate that 47,000 New Brunswickers with pension income, many who are seniors, will benefit from this new tax measure.

Mr. Speaker, today's budget also provides an incentive for people and business that will have a positive effect on investment in New Brunswick. I am pleased to announce that effective for applications received on or after March 13, 2007, the Small Business Investor Tax Credit program will be enhanced. The objective of the program is to provide an important source of capital by increasing access to equity financing for New Brunswick small businesses. This program encourages investment by New Brunswick residents in New Brunswick small businesses.

The improvements to the Small Business Investor Tax Credit program that I am announcing today are three-fold. First, the size of the allowable investment for the 30 per cent credit will increase from \$50,000 to \$80,000. Therefore, the maximum amount of credit available to an individual investor will increase from \$15,000 to \$24,000. Second, the type of shares issued will be broadened to include convertible, preferred shares. Third, the size of business that is eligible to participate in the program will increase from \$25 million in net tangible assets to \$40 million.

The Farm Land Identification Program (FLIP) provides property tax relief to farmers in the form of deferred taxes. Under the current program, when a farmer decides to deregister from FLIP – to retire, to transform the property or for other reasons – taxes going as far back as 15 years become immediately due, as well as all interest for the same period. We will be making changes to the program in the near future that will ease the financial burden on farmers when they deregister.

Mr. Speaker, the decision to raise taxes in today's budget was not taken lightly. It is never easy to increase taxes. But structural change was required to realign revenues and spending. We must be able to pay for the services we provide.

We have carefully considered the consequences of the revenue measures in today's budget. We are confident that our most vulnerable citizens will be protected. We are confident that people and business will be able to bear the additional tax burden. We are confident that our taxes are still competitive. And, we are confident that the impact on the provincial economy will be minimal.

The realignment of our tax rates announced today will help sustain public services in New Brunswick now and into the future.

### **Working in Partnership with the Federal Government**

Mr. Speaker, our government has worked hard to foster a positive relationship with the current federal government. A strong partnership with the federal government is fundamental to New Brunswick's goal of becoming self-sufficient by 2026.

Next week's federal budget is expected to include proposals to address the fiscal imbalance, including a new Equalization Program.

Our first priority is a renewed Equalization Program that will ensure that the constitutional commitment is met. All Canadians, regardless of their place of residence, are entitled to reasonably comparable levels of public services at reasonably comparable levels of taxation.

New Brunswick's position on equalization has been clear and consistent: we want a formula-determined program with a national average standard; full revenue coverage; and no cap or ceiling on entitlements. This is what is needed to adequately level the playing field across provinces.

Our government's *Charter for Change* has a number of common elements with the federal government's long-term economic plan. We have discussed the need for a strong partnership in implementing our self-sufficiency agenda. Within that context, we have also discussed the need for additional funding for post-secondary education, skills training, and infrastructure.

We look forward to working with our federal counterparts on the successful completion of funding negotiations for restoration of the Petitcodiac River, convention centres in Moncton, Fredericton and Grand Falls, the Fundy Trail, and the Sussex pool complex.

Mr. Speaker, we are optimistic that a new equalization formula – and other solutions to address the fiscal imbalance – will result in additional funding for New Brunswick. This would enable the province to make the necessary, strategic investments now to grow our economy, providing the foundation for greater self-sufficiency in the future.

## **Conclusion**

Mr. Speaker, this budget lays the groundwork for future transformational change to grow our economy. It realigns revenues and spending and provides for a balanced budget. It ensures the continued provision of essential public services. It provides for a number of initiatives and strategic investments from our *Charter for Change*. And, most importantly, it reflects our courage to lead and make choices that will result in a better New Brunswick in the future. We are taking the initial steps on a new path, the path to greater self-sufficiency.

Leading to today's budget, we were confronted with a considerable financial challenge. New Brunswickers told us they valued their public services, including health and senior care, job creation and economic development, and education. They also told us they believed in fiscal responsibility. With this in mind, we have tabled a balanced budget that includes both revenue and spending measures. We must pay for the services we provide and today's budget restores that balance.

Setting out on the path to greater self-sufficiency will require that we make decisions that are not always popular, but are necessary to help provide New Brunswickers with the economic and social opportunities and programs they deserve. One budget will not make us self-sufficient, but if we can encourage all New Brunswickers to think about transformational change, and we all work together with a common vision, we can achieve our goals, Mr. Speaker.

The *Charter for Change* and the quest for greater self-sufficiency are the cornerstones of our government; they are inherent in our Speech from the Throne, the Premier's State of the Province Address and this budget. Over the course of our four-year mandate, we will respect the commitments set out in our *Charter for Change*.

Mr. Speaker, with the help of New Brunswickers, we will achieve the results we seek.

Thank you, Mr. Speaker.

**APPENDIX: SUMMARY BUDGET INFORMATION**

**COMPARATIVE STATEMENT OF SURPLUS OR DEFICIT**

Thousands

\$

Year Ending March 31

<b>BUDGETARY ACCOUNTS</b>	<b>2007</b>	<b>2007</b>	<b>2008</b>
	<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>
<b>Ordinary Account:</b>			
Revenues.....	5,882,645	6,102,326	6,292,816
Expenditures.....	<u>5,798,433</u>	<u>6,015,762</u>	<u>6,190,118</u>
Surplus (Deficit).....	84,212	86,564	102,698
<b>Capital Account:</b>			
Revenues.....	28,256	28,722	160,129
Expenditures.....	<u>436,664</u>	<u>442,030</u>	<u>855,684</u>
Surplus (Deficit).....	(408,408)	(413,308)	(695,555)
<b>Special Purpose Account:</b>			
Revenues.....	52,289	51,128	49,196
Expenditures.....	<u>55,533</u>	<u>49,685</u>	<u>51,367</u>
Surplus (Deficit).....	(3,244)	1,443	(2,171)
<b>Special Operating Agency Account (net):</b>			
Revenues.....	65,403	83,452	81,865
Expenditures.....	<u>54,654</u>	<u>72,911</u>	<u>70,317</u>
Surplus (Deficit).....	10,749	10,541	11,548
<b>Sinking Fund Earnings</b> .....	229,700	232,100	227,500
<b>Gross Consolidated Revenue</b> .....	6,258,293	6,497,728	6,811,506
Add: Amortization of Deferred Capital Contributions.....	0	22,947	25,477
Less: Capital Revenues Related to Tangible Capital Assets.....	<u>(27,590)</u>	<u>(28,193)</u>	<u>(159,889)</u>
<b>Operating Revenue</b> .....	6,230,703	6,492,482	6,677,094
<b>Gross Consolidated Expenditure</b> .....	6,345,284	6,580,388	7,167,486
Add: Amortization Expense.....	209,123	229,583	250,351
Less: Investment in Tangible Capital Assets.....	<u>(345,928)</u>	<u>(352,091)</u>	<u>(777,840)</u>
<b>Operating Expense</b> .....	6,208,479	6,457,880	6,639,997
<b>Surplus (Deficit)</b> .....	<u>22,224</u>	<u>34,602</u>	<u>37,097</u>

**Note:** Columns may not add due to rounding.

**OPERATING REVENUE**  
**2007-2008**  
**Thousands**  
**\$**

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY ACCOUNT (NET)</u>	<u>TOTAL</u>
Agriculture and Aquaculture	6,677	0	0	0	6,677
Business New Brunswick	9,625	20	0	0	9,645
Education	27,383	0	11,600	0	38,983
Energy	356	0	0	0	356
Energy Efficiency and Conservation Agency of New Brunswick	409	0	0	0	409
Environment	4,831	0	7,500	0	12,331
Family and Community Services	56,367	75	14,025	0	70,467
Finance	5,485,987	0	56	0	5,486,043
Fisheries	165	0	0	0	165
Health	24,836	0	1,335	0	26,171
Justice and Consumer Affairs	45,593	0	449	0	46,042
Legislative Assembly	476	0	0	0	476
Local Government	383	0	0	0	383
Natural Resources	77,931	40	2,581	0	80,552
Office of the Attorney General	133	0	0	0	133
Office of the Comptroller	150	0	0	0	150
Other Agencies	307,989	0	0	0	307,989
Post-Secondary Education, Training and Labour	125,600	0	2,253	28,174	156,027
Public Safety	106,165	0	6,383	5,596	118,144
Regional Development Corporation	2,780	0	0	44,925	47,705
Supply and Services	629	4,055	1,063	0	5,747
Tourism and Parks	3,326	0	60	2,570	5,956
Transportation	5,025	155,939	0	600	161,564
Wellness, Culture and Sport	0	0	1,891	0	1,891
<b>TOTAL</b>	<b>6,292,816</b>	<b>160,129</b>	<b>49,196</b>	<b>81,865</b>	<b>6,584,006</b>
Sinking Fund Earnings					227,500
Adjustment for Tangible Capital Assets					(134,412)
<b>Operating Revenue</b>					<b>6,677,094</b>

**Note:** Columns may not add due to rounding.



**OPERATING EXPENSE**

**2007-2008**

**Thousands**

**\$**

<u>DEPARTMENT</u>	<u>ORDINARY ACCOUNT</u>	<u>CAPITAL ACCOUNT</u>	<u>SPECIAL PURPOSE ACCOUNT</u>	<u>SPECIAL OPERATING AGENCY ACCOUNT (NET)</u>	<u>TOTAL</u>
Agriculture and Aquaculture	33,429	400	0	0	33,829
Business New Brunswick	29,443	0	0	0	29,443
Education	875,629	1,000	11,600	0	888,229
Energy	2,912	0	0	0	2,912
Energy Efficiency and Conservation Agency of New Brunswick	13,375	0	0	0	13,375
Environment	15,472	0	8,000	0	23,472
Executive Council Office	5,382	0	0	0	5,382
Family and Community Services	868,106	0	14,500	0	882,606
Finance	12,474	0	56	0	12,530
Fisheries	2,660	0	0	0	2,660
General Government	474,304	0	0	0	474,304
Health	2,054,483	10,000	1,420	0	2,065,903
Intergovernmental Affairs	3,454	0	0	0	3,454
Justice and Consumer Affairs	37,230	0	449	0	37,679
Legislative Assembly	18,385	0	0	0	18,385
Local Government	111,156	500	0	0	111,656
Maritime Provinces Higher Education Commission	163,835	0	0	0	163,835
Natural Resources	97,878	2,436	2,610	0	102,924
Office of the Attorney General	14,339	0	0	0	14,339
Office of the Comptroller	4,723	0	0	0	4,723
Office of Human Resources	5,574	0	0	0	5,574
Office of the Premier	1,638	0	0	0	1,638
Post-Secondary Education, Training and Labour	270,553	0	2,223	28,174	300,950
Public Safety	111,612	0	6,942	6,104	124,658
Regional Development Corporation	38,114	15,200	0	45,010	98,324
Service of the Public Debt	606,935	0	0	0	606,935
Supply and Services	101,778	101,298	1,621	0	204,697
Tourism and Parks	28,449	500	55	2,849	31,853
Transportation	170,761	724,350	0	(11,820)	883,291
Wellness, Culture and Sport	16,035	0	1,891	0	17,926
<b>TOTAL</b>	<b>6,190,118</b>	<b>855,684</b>	<b>51,367</b>	<b>70,317</b>	<b>7,167,486</b>
Adjustment for Tangible Capital Assets					(527,489)

**Operating Expense**

**6,639,997**

**COMPARATIVE STATEMENT OF ESTIMATED GROSS REVENUE BY SOURCE**  
**2007-2008**  
**Thousands**  
**\$**

	<b>Year Ending March 31</b>		
	<b>2007 Estimate</b>	<b>2007 Revised</b>	<b>2008 Estimate</b>
<b>OWN SOURCE</b>			
<b>Taxes</b>			
Personal Income Tax.....	1,104,700	1,161,500	1,210,300
Corporate Income Tax.....	178,400	217,600	238,800
Metallic Minerals Tax.....	8,000	19,000	70,000
Provincial Real Property Tax.....	353,200	353,200	369,000
Harmonized Sales Tax.....	814,300	871,900	909,200
Gasoline and Motive Fuels Tax.....	236,300	210,600	191,200
Tobacco Tax.....	93,000	84,000	84,000
Pari-Mutuel Tax.....	65	53	65
Insurance Premium Tax.....	41,200	40,300	39,600
Real Property Transfer Tax.....	6,000	6,000	6,200
Large Corporation Capital Tax.....	33,900	34,700	26,300
Financial Corporation Capital Tax.....	<u>10,000</u>	<u>6,500</u>	<u>10,000</u>
<b>Sub-Total: Taxes.....</b>	<b><u>2,879,065</u></b>	<b><u>3,005,353</u></b>	<b><u>3,154,665</u></b>
<b>Return on Investment.....</b>	<b>118,808</b>	<b>182,434</b>	<b>189,742</b>
<b>Licenses and Permits.....</b>	<b>103,586</b>	<b>106,498</b>	<b>100,565</b>
<b>Sale of Goods and Services.....</b>	<b>209,137</b>	<b>203,973</b>	<b>209,096</b>
<b>Royalties.....</b>	<b>67,276</b>	<b>62,028</b>	<b>65,176</b>
<b>Lottery Revenues.....</b>	<b>110,125</b>	<b>112,125</b>	<b>116,125</b>
<b>Fines and Penalties.....</b>	<b>1,486</b>	<b>1,530</b>	<b>7,183</b>
<b>Miscellaneous.....</b>	<b><u>14,670</u></b>	<b><u>21,998</u></b>	<b><u>25,473</u></b>
<b>TOTAL: OWN SOURCE REVENUE.....</b>	<b><u>3,504,153</u></b>	<b><u>3,695,939</u></b>	<b><u>3,868,025</u></b>
<b>Unconditional Grants – Canada</b>			
Fiscal Equalization Payments.....	1,432,200	1,450,799	1,435,200
Canada Health Transfer.....	490,200	489,500	513,900
Canada Social Transfer.....	211,600	211,600	217,500
Other.....	<u>1,900</u>	<u>1,900</u>	<u>1,938</u>
<b>Sub-Total: Unconditional Grants – Canada.....</b>	<b><u>2,135,900</u></b>	<b><u>2,153,799</u></b>	<b><u>2,168,538</u></b>
<b>Conditional Grants – Canada.....</b>	<b>242,592</b>	<b>252,588</b>	<b>256,253</b>
<b>TOTAL: GRANTS FROM CANADA.....</b>	<b><u>2,378,492</u></b>	<b><u>2,406,387</u></b>	<b><u>2,424,791</u></b>
<b>TOTAL: GROSS ORDINARY REVENUE.....</b>	<b><u>5,882,645</u></b>	<b><u>6,102,326</u></b>	<b><u>6,292,816</u></b>

**Note:** Columns may not add due to rounding.

**FISCAL RESPONSIBILITY AND BALANCED BUDGET ACT**

Millions

\$

**2004-2005 to 2006-2007 Fiscal Period**

	<u>Year Ending March 31</u>		
	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Revised</b>
Operating Revenue.....	5,959.8	6,300.7	6,492.5
Add: Required changes under the Act.....	0.0	(3.4)	(121.5)
Adjusted Revenue.....	<u>5,959.8</u>	<u>6,297.3</u>	<u>6,371.0</u>
Operating Expense.....	5,717.6	6,057.1	6,457.9
Adjusted Surplus (Deficit) for the Year.....	<u>242.2</u>	<u>240.2</u>	<u>(86.9)</u>
Cumulative Difference - Beginning of Year.....	<u>0.0</u>	<u>242.2</u>	<u>482.4</u>
Cumulative Difference - End of Year.....	<u><u>242.2</u></u>	<u><u>482.4</u></u>	<u><u>395.5</u></u>

	<u>Year Ending March 31</u>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Net Debt.....	<u>6,923.6</u>	<u>6,778.3</u>	<u>6,655.7</u>	<u>6,738.4</u>
GDP (31 December).....	<u>22,346.0</u>	<u>23,487.0</u>	<u>24,162.0</u>	<u>25,056.0</u>
Ratio of Net Debt to GDP.....	<u>31.0%</u>	<u>28.9%</u>	<u>27.5%</u>	<u>26.9%</u>

**FISCAL RESPONSIBILITY AND BALANCED BUDGET ACT**

Millions

\$

**2007-2008 to 2010-2011 Fiscal Year**

	<u>Year Ending March 31</u>	
	<b>2008</b>	
	<b>Estimate</b>	
Operating Revenue.....	6,677.1	
Add: Required changes under the Act.....	<u>0.0</u>	
Adjusted Revenue.....	6,677.1	
Operating Expense.....	<u>6,640.0</u>	
Adjusted Surplus (Deficit) for the Year.....	37.1	
Cumulative Difference - Beginning of Year.....	<u>0.0</u>	
Cumulative Difference - End of Year.....	<u><u>37.1</u></u>	

	<u>Year Ending March 31</u>	
	<b>2007</b>	<b>2008</b>
Net Debt.....	<u>6,738.4</u>	<u>7,094.4</u>
GDP (31 December).....	<u>25,056.0</u>	<u>25,958.0</u>
Ratio of Net Debt to GDP.....	<u>26.9%</u>	<u>27.3%</u>

**COMPARATIVE STATEMENT OF CHANGE IN NET DEBT**  
**Thousands**  
 \$

<u>Year Ending March 31</u>			<u>Year Ending March 31</u>
2007 Estimate	2007 Revised		2008 Estimate
22,224	34,602	Surplus (Deficit).....	37,097
(345,928)	(352,091)	Acquisition of Tangible Capital Assets.....	(777,840)
0	(22,947)	Amortization of Deferred Capital Contributions.....	(25,477)
27,590	28,193	Revenue Received to Acquire Tangible Capital Assets.....	159,889
<u>209,123</u>	<u>229,583</u>	Amortization of Tangible Capital Assets.....	<u>250,351</u>
<u>(86,991)</u>	<u>(82,660)</u>	(Increase) Decrease in Net Debt.....	<u>(355,980)</u>

**NEW BRUNSWICK ROAD IMPROVEMENT FUND**

**Thousands**

**\$**

	<u>Year Ending March 31</u>		
	<b>2007</b>	<b>2007</b>	<b>2008</b>
	<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>
<b>Revenue</b>			
Gasoline and Motive Fuel Tax.....	236,300	210,600	191,200
<b>Expenditures</b>			
Department of Transportation			
Capital Account.....	235,830	241,017	717,350
Ordinary Account.....	<u>158,580</u>	<u>164,780</u>	<u>170,721</u>
Total Expenditures.....	394,410	405,797	888,071
<b>Net Expenditures</b> .....	158,110	195,197	696,871
<b>Source of Funding for Net Expenditures</b>			
Federal Capital Revenues.....	27,245	27,515	155,839
Provincial Contribution from Consolidated Fund.....	<u>130,865</u>	<u>167,682</u>	<u>541,032</u>
<b>TOTAL</b>	<u>158,110</u>	<u>195,197</u>	<u>696,871</u>

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.