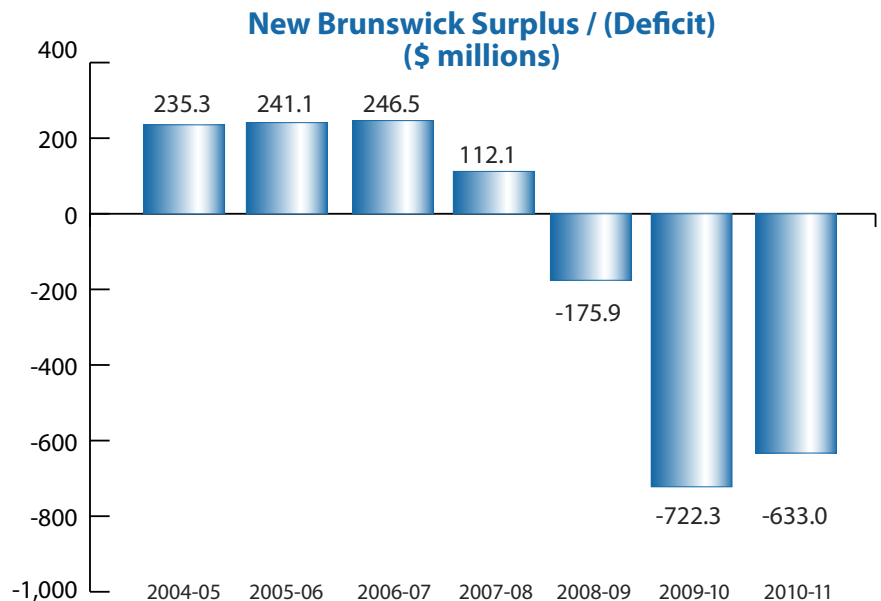


## INDICATORS OF FINANCIAL HEALTH

Indicators of progress in the province's financial condition are published in the province's annual **Public Accounts, Volume 1 Financial Statements**. Analysis of selected indicators provides a clearer understanding of recent trends in the province's financial health.

### Surplus / (Deficit)

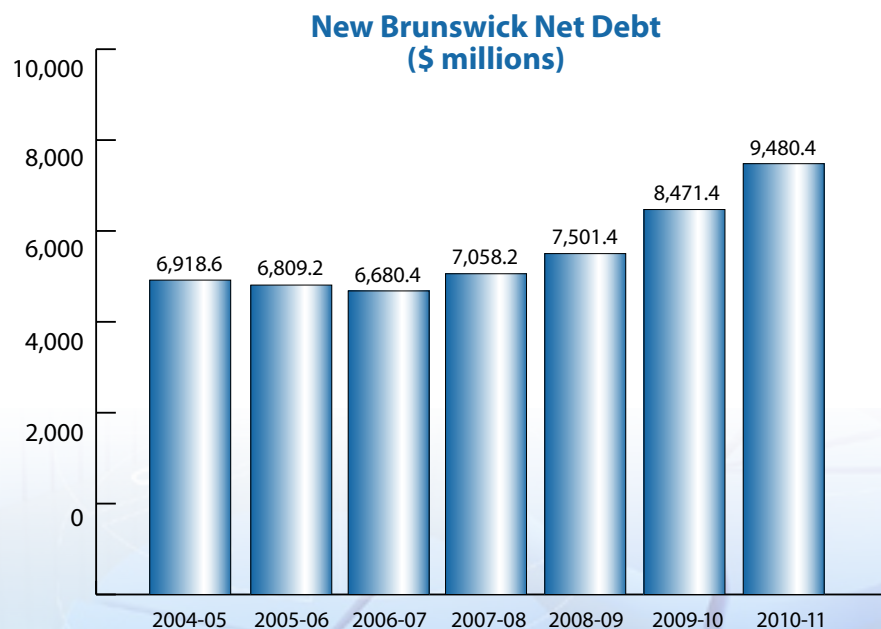
Surplus / (Deficit) provides an indication of whether provincial government revenues are higher than expenses (resulting in a surplus) or lower (resulting in a deficit). It is among the most common financial measures used in assessing government performance. Following several years of modest surpluses, the province's financial condition has deteriorated significantly, the result of the economic slowdown, continued cost pressures on social programs and weaker revenue. The province faces a significant fiscal challenge with an imbalance between current revenues and spending, continued cost pressures on social programs and modest revenue growth projections.



Source: 2010-2011 Public Accounts

### Net Debt

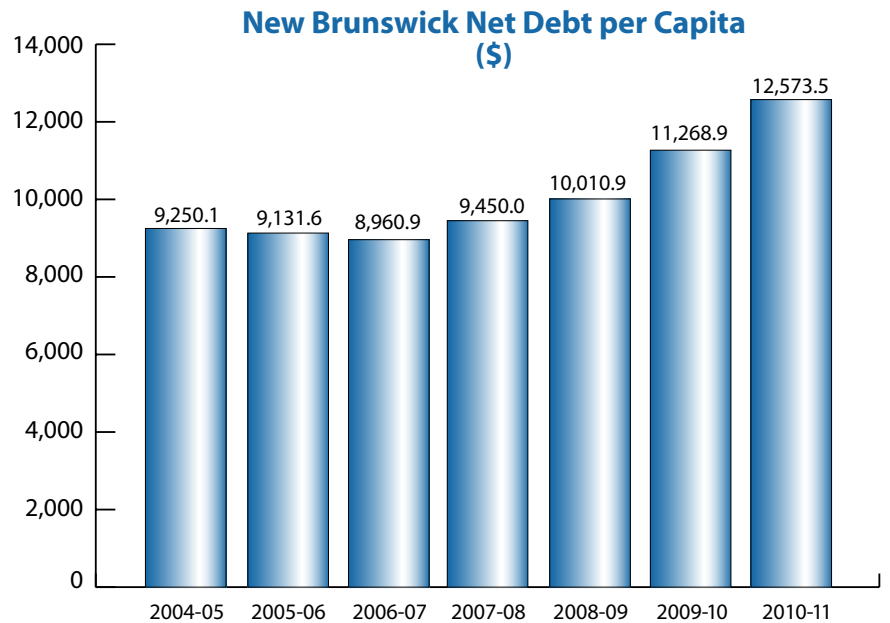
Net debt is an indication of the extent to which provincial government liabilities exceed financial assets. The province's net debt has trended sharply upwards over the last several years due to the economic slowdown, continued cost pressures on social programs, and weaker revenue. Without corrective action, net debt will continue to rise at an unsustainable level.



Source: 2010-2011 Public Accounts

## Net Debt per Capita

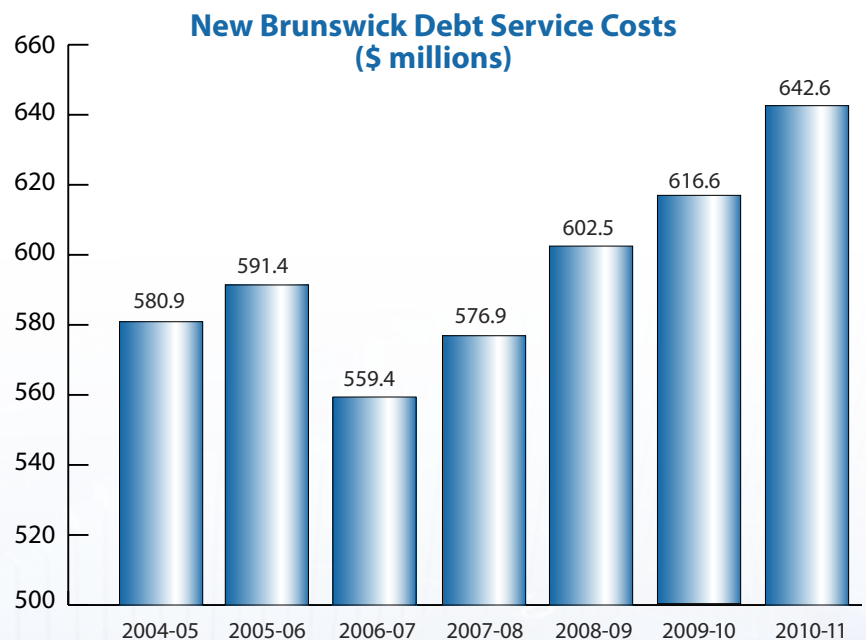
Net debt per capita is a statement of the net debt attributable to each New Brunswick resident. The level of net debt per capita has been trending upward significantly in recent years. According to estimates prepared by the Royal Bank of Canada, New Brunswick's net debt per capita was fifth highest among the provinces in 2010-2011.



Source: 2010-2011 Public Accounts

## Debt Service Costs

Debt service costs are an indicator of the province's ability to satisfy existing credit requirements and can be impacted by variables outside the direct control of government including interest rates, financial markets and currency fluctuations. Public infrastructure investments also influence borrowing requirements. Increasing debt service costs result in less funding for essential government programs and services.



Source: 2010-2011 Public Accounts

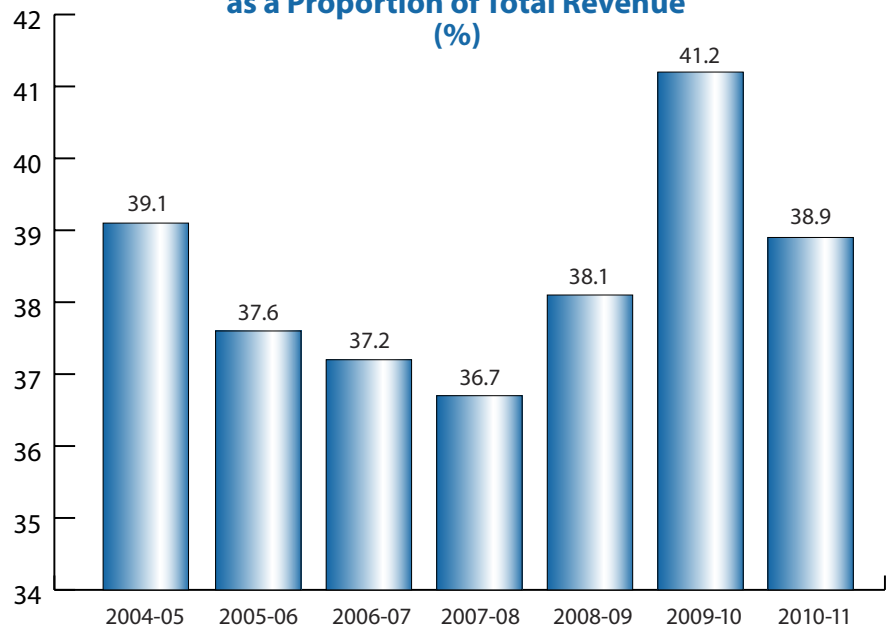
## Federal Government Transfers as a Proportion of Total Revenue

Revenues from federal sources are comprised of conditional and unconditional grants including:

- Fiscal Equalization Program payments;
- The Canada Health Transfer and the Canada Social Transfer;
- And conditional grants or capital revenue in support of economic development, infrastructure, education and labour training and other areas.

Comparing the level of federal transfers to total revenue indicates the level of vulnerability of the province to changes in federal transfers. Over the past few years, the level of federal transfers compared to total revenues has been higher due to reductions in provincial own-source revenues related to the global economic slowdown, tax reductions and federal stimulus funding.

## New Brunswick Federal Government Transfers as a Proportion of Total Revenue (%)



Source: 2010-2011 Public Accounts