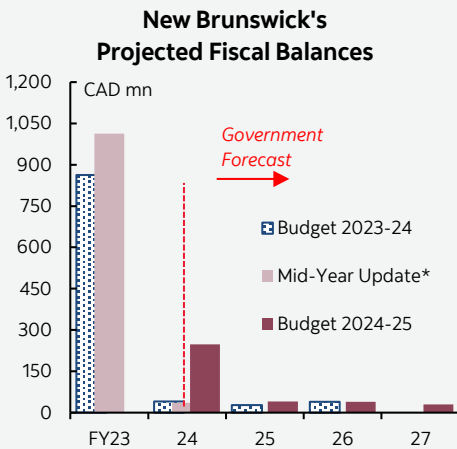


#### Contributors

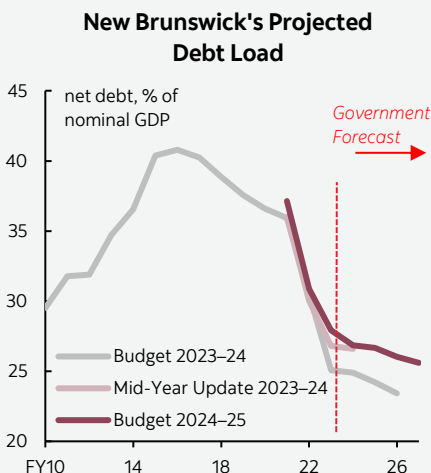
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Chart 1



\* FY23 figure is final result.  
Sources: Scotiabank Economics, New Brunswick Finance.

Chart 2



Sources: Scotiabank Economics, New Brunswick Finance, Statistics Canada, Finance Canada.

## New Brunswick: 2024–25 Budget

### EXPECTING BALANCED BUDGETS FOLLOWING REVENUE WINDFALLS IN FY24

- **Budget balance forecasts:** surplus of \$247.4 mn (0.5% of nominal GDP) in FY24, \$40.9 mn (0.1%) in FY25, \$39 mn (0.1%) in FY26, and \$30 mn (0.1%) in FY27 (chart 1).
- **Net debt:** 26.8% in FY24, relatively unchanged at 26.7% in FY25, and declining to 26.0% in FY26 and 25.6% in FY27 (chart 2).
- **Real GDP growth forecasts:** +1.1% in 2023, slowing to 0.7% in 2024, and picking up to 1.7% in 2025.
- **Borrowing program:** \$1.7 bn in FY25, of which \$150 mn is on behalf of NB Power.
- **This budget largely holds the line with only modest new spending announced ahead of pending elections, despite a larger-than-anticipated windfall in FY24. This is a prudent plan as economic conditions soften.**

### OUR TAKE

**New Brunswick's Budget 2024–25 delivers windfall revenues in FY24 but otherwise contains a projected fiscal balance path that looks almost identical to last year.** The province now expects a surplus of \$247.4 mn (0.5% of nominal GDP) in FY24 owing to higher own source revenue that is only partially offset by greater program spending relative to the mid-year update. The budget balance outlook looks set to return to surpluses between \$30–41 mn, approximately 0.1% of nominal output, for fiscal years 2024–25 through 2026–27.

**Total expenditure is expected to increase from \$12.5 bn in FY24 to \$13.3 bn in FY25, as program spending increases from \$11.9 bn to \$12.6 bn in 2024–25.** Program spending in FY24 is expected to be \$388 mn above last year's budget plan, and rise further in FY25. The budget continues to allocate spending towards health (above last year's budget by \$212 mn in FY24, adding \$7 mn in FY25), early childhood and post-secondary education (+\$35 mn FY24, +\$239 mn FY25 combined), social development (+\$68 mn FY24, +\$100 mn FY25), and transportation and infrastructure (-\$11 mn FY24, +\$153 mn in FY25). Debt servicing costs are expected to increase to \$608 mn, up from \$542 mn, but remain at a low 4.6% of total revenue. Total expenditure is expected to grow faster than revenue, 6.4% versus 4.7% respectively, in FY25. The province's own source revenue is projected to increase 4.3% in FY25 primarily owing to higher harmonized sales

### Updated Fiscal Forecast

\$ millions except where noted

|                          | FY24          |               | FY25          |
|--------------------------|---------------|---------------|---------------|
|                          | Mid-Year      | Bud.'24       | Bud.'24       |
| Own Source Revenue       | 7,723         | 8,055         | 8,400         |
| Federal Transfers        | 4,626         | 4,648         | 4,896         |
| <b>Total Revenue</b>     | <b>12,349</b> | <b>12,703</b> | <b>13,296</b> |
| Program Spending         | 11,765        | 11,913        | 12,647        |
| Debt Service             | 548           | 542           | 608           |
| % of Revenue             | 4.4           | 4.3           | 4.6           |
| <b>Total Expenditure</b> | <b>12,314</b> | <b>12,456</b> | <b>13,255</b> |
| <b>Budget Balance</b>    | <b>35.3</b>   | <b>247.4</b>  | <b>40.9</b>   |
| % of GDP                 | 0.1           | 0.5           | 0.1           |
| <b>Net Debt</b>          | <b>12,586</b> | <b>12,362</b> | <b>12,678</b> |
| % of GDP                 | 26.6          | 26.8          | 26.7          |

Sources: Scotiabank Economics, New Brunswick Finance.

tax, personal income tax, and corporate income tax. Total revenue and expenditure are expected to increase in line by 2.5% in FY26, and then by 2.9% and 3.0% respectively in FY27.

**Net debt as a share of nominal GDP is projected to continue its descent over the planning horizon albeit on a slightly higher trajectory than earlier projected.** Net debt-to-GDP is expected to be little changed in the upcoming fiscal year at 26.7% in FY25, marginally lower than 26.8% in FY24. Afterwards, it is projected to resume a downward trend, falling to 25.6% in FY27 as net debt is expected to grow at a slower pace than nominal GDP. The economic forecasts nominal and real GDP grew at 3.5% and 1.1% respectively in 2023. Growth in economic activity through 2024 is expected to remain positive but slow to 0.7% before picking up to 1.7% in 2025 in real terms.

**New Brunswick's borrowing program has completed \$1.8 bn of long-term borrowing in FY24, in line with last year's budget plan and above the \$1.5 bn Q3 estimate.** Total long-term borrowing planned for FY25 is \$1.7 bn, of which \$150 mn is on behalf of NB Power, while \$278 mn has been prefinanced based on Q3.

| Outer-Year Fiscal Projections  |            |           |           |           |
|--------------------------------|------------|-----------|-----------|-----------|
| \$ millions except where noted |            |           |           |           |
|                                | FY24       | FY25      | FY26      | FY27      |
| Total Revenue                  | 12,703     | 13,296    | 13,628    | 14,024    |
| % change                       | 2.0        | 4.7       | 2.5       | 2.9       |
| Total Expenditure              | 12,456     | 13,255    | 13,589    | 13,994    |
| % change                       | 8.9        | 6.4       | 2.5       | 3.0       |
| <b>Budget Balance</b>          | <b>247</b> | <b>41</b> | <b>39</b> | <b>30</b> |
| % of GDP                       | 0.5        | 0.1       | 0.1       | 0.1       |
| <b>Net Debt</b>                | 12,362     | 12,678    | 12,919    | 13,189    |
| % of GDP                       | 26.8       | 26.7      | 26.0      | 25.6      |

Sources: Scotiabank Economics, New Brunswick Finance.

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