



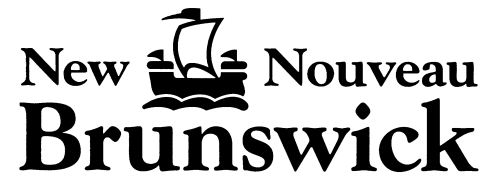
Volume 1  
Financial Statements

# Public Accounts

for the fiscal year ended 31 March

1997

Printed by  
Authority of the Legislature  
Fredericton, N.B.



Volume 1  
Financial Statements

# **Public Accounts**

for the fiscal year ended 31 March

**1997**

Printed by  
Authority of the Legislature  
Fredericton, N.B.

**To Her Honour,**

**The Honourable Marilyn Trenholme Counsell  
Lieutenant-Governor of the Province of New Brunswick**

The undersigned has the honour to submit the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 1997.

I am, Your Honour,

**Original Signed By**

EDMOND P. BLANCHARD, Q.C.  
Minister of Finance

Fredericton, New Brunswick  
13 August 1997

**The Honourable Edmond P. Blanchard, Q.C.  
Minister of Finance**

Sir:

The undersigned has the honour to present to you the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 1997.

Respectfully submitted,

**Original Signed By**

Edward Mehan, C.M.A.  
Comptroller

Fredericton, New Brunswick  
13 August 1997

**TABLE OF CONTENTS****Audited Financial Statements**

Introduction to Volume I	1
Statement of Responsibility	2
Auditor's Report	3
Statement of Financial Position	4
Statement of Revenue and Expenditure	5
Statement of Cash Flow	6
Statement of Net Debt	7
Notes to the Financial Statements	8
Schedules to the Financial Statements	46

## INTRODUCTION VOLUME I

The Public Accounts of the Province of New Brunswick are presented in three volumes.

**This volume contains the audited financial statements of the Provincial Reporting Entity as described in Note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. This volume also contains the Auditor s Report and a Statement of Responsibility.**

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. Volume II also contains detailed information on Supplementary Appropriations, Funded Debt and Capital Loans, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, vendor, grant and contribution, and loan disbursement listings).

Volume III contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or the Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions. Volume III also contains various trust funds which the Province administers as Trustee.



## STATEMENT OF RESPONSIBILITY

The financial statements of the Province of New Brunswick are prepared each year by the Comptroller as required under section 12 of the Financial Administration Act. The financial statements include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt.

Financial statement integrity and objectivity are the responsibility of the Government. To help fulfil this responsibility, systems of internal control have been established to provide reasonable assurance that transactions are properly authorized, executed and reported. The statements are prepared in accordance with the accounting policies described in Note 1 to the Financial Statements.

On behalf of the Government:

### **Original Signed By**

Honourable Edmond P. Blanchard, Q.C.  
Minister of Finance

6 August 1997



## AUDITOR'S REPORT

To the Legislative Assembly  
Province of New Brunswick

I have audited the statement of financial position of the Province of New Brunswick as at 31 March 1997 and the statements of revenue and expenditure, net debt and cash flow for the year then ended. These financial statements are the responsibility of government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Province as at 31 March 1997 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements. As required by section 10 of the Auditor General Act, I report that, in my opinion, these policies have been applied, after giving retroactive effect to the changes in accounting for the Workplace Health, Safety and Compensation Commission and the New Brunswick school districts as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

### Original Signed By

K. D. Robinson, CA  
Acting Auditor General

30 July 1997

Office of the Auditor General  
P.O. Box 758  
Fredericton, N.B. E3B 5B4

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 1997

Schedule	(millions)	
	1997	1996
<b>ASSETS</b>		
1	\$ 246.9	\$ 236.9
2	357.3	344.6
3	72.0	28.1
4	51.3	53.4
	75.3	128.7
5	152.2	156.7
6	473.2	469.3
	<u>\$ 1,428.2</u>	<u>\$ 1,417.7</u>
 <b>LIABILITIES</b>		
7	\$ 316.7	\$ 632.2
8	289.6	277.0
9	208.0	208.8
10	10.4	8.8
11	607.1	233.1
12	21.0	15.1
	189.7	422.7
	1,062.1	963.7
	<u>2,704.6</u>	<u>2,761.4</u>
	9,570.8	9,421.2
	(3,098.3)	(3,113.4)
	<u>6,472.5</u>	<u>6,307.8</u>
	(2,304.9)	(2,082.1)
	<u>4,167.6</u>	<u>4,225.7</u>
	6,872.2	6,987.1
	<u>(5,444.0)</u>	<u>(5,569.4)</u>
	<u>\$ 1,428.2</u>	<u>\$ 1,417.7</u>

Contingent Liabilities - See [Note 14](#)

Commitments - See [Note 15](#)

The accompanying notes are an integral part of these Financial Statements.

**Original Signed By**

Edward L. Mehan, C.M.A.  
Comptroller



**STATEMENT OF REVENUE AND EXPENDITURE**  
for the fiscal year ended 31 March 1997

Schedule	(millions)			
	1997 Budget (Note 4)	1997 Actual	1996 Actual	
<b>REVENUE</b>				
Provincial Sources				
13	Taxes on Consumption	\$ 958.9	\$ 937.5	\$ 935.4
	Taxes on Property	255.0	244.5	234.4
14	Taxes on Income	940.0	1,065.7	910.3
15	Other Taxes	36.6	35.8	34.0
16	Licenses and Permits	91.5	90.7	90.1
17	Royalties	56.8	57.9	50.7
18	Investment Income	239.5	199.4	237.6
19	Other Provincial Revenue	173.2	137.0	124.7
	Sinking Fund Earnings	183.5	181.2	186.1
		2,935.0	2,949.7	2,803.3
Federal Sources				
	Canada Health and Social Transfer	407.0	396.6	---
	Fiscal Equalization and Stabilization Payments	968.0	903.7	902.5
	Established Programs Financing	---	---	250.5
	Extended Health Care Financing	---	---	38.9
	Other Unconditional Grants - Canada	1.9	14.4	1.9
20	Conditional Grants - Canada	226.0	206.1	429.2
		1,602.9	1,520.8	1,623.0
	Total Revenue (Note 5)	4,537.9	4,470.5	4,426.3
<b>EXPENDITURE</b>				
Social Services				
21	Education	996.4	979.3	969.8
22	Health	1,316.7	1,316.6	1,309.0
23	Income Assistance	291.8	299.8	296.2
24	Justice	97.8	105.6	100.3
		2,702.7	2,701.3	2,675.3
25	Economic Development	310.9	326.2	321.8
26	Municipal Affairs	205.7	204.6	208.5
27	Transportation	442.0	394.6	407.5
28	Central Government	187.7	154.0	167.0
	Service of the Public Debt	596.0	564.4	595.0
	Total Expenditure (Notes 5 and 16)	4,445.0	4,345.1	4,375.1
	<b>SURPLUS</b>	\$ 92.9	\$ 125.4	\$ 51.2

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF CASH FLOW**  
for the fiscal year ended 31 March 1997

	(millions)	
	1997	1996
<b>OPERATING ACTIVITIES</b>		
Surplus	\$ 125.4	\$ 51.2
Non Cash Items		
Amortization of Premiums, Discounts and Issue Expenses	7.0	7.4
Foreign Exchange Expense	11.2	19.9
Increase in Allowance for Doubtful Accounts	35.9	28.2
Sinking Fund Earnings	(181.2)	(186.1)
Actual Losses Due to Foreign Exchange	(10.9)	(9.4)
Decrease in Pension Liability (Note 13)	(134.6)	(104.3)
Increase in Deferred Revenue	374.0	18.7
Capital Asset Acquisitions Charged to Operations	246.0	277.5
Proceeds from Disposal of Capital Assets	(4.3)	(5.0)
Decrease (Increase) in Working Capital (Note 18)	(73.3)	29.1
Net Cash From Operating Activities	395.2	127.2
<b>INVESTING ACTIVITIES</b>		
Purchase of Capital Assets	(246.0)	(277.5)
Proceeds from Disposal of Capital Assets	4.3	5.0
Increase in Investments, Loans and Advances	(9.4)	(64.9)
Net Cash Used in Investing Activities	(251.1)	(337.4)
<b>FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Funded Debt	525.2	687.9
Received from Sinking Fund for Redemption of Debentures and Payment of Exchange	53.4	123.2
Sinking Fund Instalments	(95.0)	(97.4)
Serial Redemptions and Capital Loan Repayments	(2.0)	(2.4)
Funded Debt Matured	(310.2)	(541.5)
Net Cash From Financing Activities	171.4	169.8
<b>INCREASE (DECREASE) IN CASH POSITION</b>		
<b>DURING YEAR</b>	315.5	(40.4)
<b>CASH POSITION - BEGINNING OF YEAR</b>	(632.2)	(591.8)
<b>CASH POSITION - END OF YEAR</b>	\$ (316.7)	\$ (632.2)
<b>CASH REPRESENTED BY</b>		
Bank Advances and Short Term Borrowing	\$ (316.7)	\$ (632.2)

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF NET DEBT**  
for the fiscal year ended 31 March 1997

	(millions)	
	1997	1996
<b>NET DEBT - BEGINNING OF YEAR</b>		
As Previously Published	\$ (5,520.1)	\$ (5,571.2)
Prior Years' Adjustments ( <a href="#">Notes 2 and 3</a> )		
Consolidation of Government Organizations	(9.7)	(9.6)
Decrease in Accounts and Interest Receivable	(2.7)	(1.2)
Workplace Health, Safety and Compensation Commission	<u>(36.9)</u>	<u>(38.6)</u>
As Restated	(5,569.4)	(5,620.6)
<b>SURPLUS</b>	125.4	51.2
<b>NET DEBT - END OF YEAR</b>	<u>\$ (5,444.0)</u>	<u>\$ (5,569.4)</u>

The accompanying notes are an integral part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Provincial Reporting Entity**

In these financial statements, the Province is defined as the Provincial Reporting Entity. The Provincial Reporting Entity is comprised of certain organizations that are accountable to the Legislature. These accountable organizations are the Consolidated Fund, the General Sinking Fund and certain agencies, commissions and corporations. The agencies, commissions and corporations included in this definition are identified below.

Transactions and balances of organizations are included in these financial statements through one of the following accounting methods:

- Consolidation method - This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.
- Modified equity method - This method is used for government enterprises. Government enterprises are defined in note 9 to these financial statements. The modified equity method reports a government enterprise's net assets as an investment in the Province's Statement of Financial Position. The net income of the government enterprise is reported as investment income in the Province's Statement of Revenue and Expenditure. Inter-organizational transactions and balances are not eliminated. All gains or losses arising from inter-organizational transactions between government enterprises and other government organizations are eliminated. The accounting policies of government enterprises are not adjusted to conform with those of other government organizations.
- Transaction method - This method records only transactions between the Province and the other organizations.

Organizations that have been included in the Provincial Reporting Entity through consolidation are:

Algonquin Properties Limited;  
Arts Development Trust Fund;  
Environmental Trust Fund;  
Group Insurance Trust Fund;  
Kingsbrae Horticultural Garden Inc.;  
N.B. Agriexport Inc.;  
New Brunswick Credit Union Deposit Insurance Corporation;  
New Brunswick Highway Corporation;  
New Brunswick Housing Corporation;  
New Brunswick Investment Management Corporation;  
New Brunswick Transportation Authority;  
Regional Development Corporation;  
Sport Development Trust Fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Government enterprises that have been included in these financial statements through modified equity accounting are:

Lotteries Commission of New Brunswick;  
New Brunswick Liquor Corporation;  
New Brunswick Municipal Finance Corporation;  
New Brunswick Power Corporation;  
Workplace Health, Safety and Compensation Commission.

Certain organizations that are accountable to the Legislature have been included through the transaction method. The transaction method was used because the appropriate methods would not produce a materially different result. The determination of which entities could be excluded because of materiality was made by Board of Management. The organizations included through the transaction method are:

Advisory Council on the Status of Women;  
Board of Commissioners of Public Utilities of New Brunswick;  
Forest Protection Limited;  
Kings Landing Corporation;  
New Brunswick Crop Insurance Commission;  
New Brunswick Geographic Information Corporation;  
New Brunswick Museum;  
New Brunswick Research and Productivity Council;  
Premier's Council on the Status of Disabled Persons;  
Provincial Holdings Ltd.;  
Strait Crossing Finance Inc.;  
Youth Council of New Brunswick.

The following organizations do not meet the accounting criteria for inclusion in the Provincial Reporting Entity. These organizations are therefore reflected in these financial statements using the transaction method:

Hospital Corporations;  
Nursing Homes.

**b) Significant Accounting Policies**

Accrual Accounting

Expenditures are recorded for all goods and services received during the fiscal year except as described below:

No accrual has been recorded for employee retirement allowances or vacation entitlements.

The Province is responsible for benefit payments to injured employees. The value of future benefit payments owed is \$41.9 million (\$41.2 million 1996) of which \$12.7 million is recorded as a liability (\$12.7 million 1996)

Liabilities for environmental cleanup are recognized when the costs of cleanup have been incurred. Significant commitments for environmental cleanup are disclosed in Note 14 to these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 1997

Revenue from Canada under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, and the Canada-New Brunswick Tax Collection Agreement is accrued based on estimates provided by Canada. These estimates are subject to adjustment in future years. Such adjustments are included in revenue when Canada informs the Province of the revisions. The most recent revision included in these financial statements is dated 11 April 1997.

All other revenues and recoveries are recorded on an accrual basis.

#### Debt Charges

Interest and other debt service charges are reported in the Statement of Revenue and Expenditure as Service of the Public Debt except as described below:

Because government enterprises are included in the Provincial Reporting Entity through modified equity accounting, the cost of servicing their debt is not included in the Service of the Public Debt expenditure. The cost of servicing the debt of government enterprises is an expenditure used in the calculation of their net profit for the year.

Interest costs imputed on the Province's Accrued Pension Liability are recorded as part of pension expense which is included in various expenditure functions.

Interest is not allocated to other functions except for \$6.1 million of interest subsidies on certain loans issued.

Interest earned on the assets of the General Sinking Fund and on other provincial assets is reported as revenue.

Note 12 to these financial statements reports the components of the Service of the Public Debt Expenditure function and total debt service charges.

#### Government Transfers

Government transfers are transfers of money, such as grants, from a government to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return.

Government transfers are recognized in the Province's financial statements as expenditures or revenues in the period that the events assuring the transfer occurred. Liabilities have been established for any transfers due at 31 March 1997 for which the intended recipients have met the eligibility criteria. Receivables have been established for transfers to which the Province is entitled under governing legislation, regulation or agreement.

#### Physical Assets

The cost of acquiring physical assets is expensed in the year of acquisition. The Statement of Financial Position does not report an amount for these assets.

#### Short Term Investments

Short term investments are recorded at cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Allowances for Doubtful Accounts

Allowances for doubtful accounts have been established for each type of account receivable and for loan guarantees. These allowances are disclosed in the schedules to the financial statements. The increase in these allowances charged to operations for the fiscal year ended 31 March 1997 was \$35.9 million (\$28.2 million 1996).

Concessionary Loans

There are two situations where the Province charges loan disbursements as expenditures. These are:

Loan agreements which commit the Province to provide future grants to the debtor to be used to repay the loan.

Loan agreements which include forgiveness provisions if the forgiveness is considered likely.

In both these situations, the loan is charged to expenditure when it is disbursed.

Loans that earn a low rate of return are recorded as assets at the original loan amount less any principal payments made to 31 March 1997.

Inventories

Inventories are recorded at the lower of cost or net realizable value. Inventories include supplies for use, and goods and properties held for resale. Properties held for resale include land and fixtures acquired or constructed for the purpose of sale. Properties held for resale also include properties acquired through foreclosure. Properties acquired through foreclosure which have not been disposed of within two fiscal year ends of repossession are removed from inventory and are recorded as expenditure.

Deferred Revenue

Amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Included in deferred revenue is \$364.0 million received from Canada as adjustment assistance for the implementation of the Harmonized Sales Tax. This will be recognized as revenue over the four year adjustment period commencing 1 April 1997, on a straight line basis.

Deposits Held in Trust

Any funds remitted to the Province and held in trust for specified persons are included in both the financial assets and liabilities of the Province. Legally established trust funds which the Province administers but does not control are not included as Provincial assets or liabilities. Note 17 to these financial statements discloses the equity balances of the trust funds administered by the Province.

Borrowing on Behalf of New Brunswick Power Corporation

The Province, as represented by the Consolidated Fund, has issued long term debt securities on behalf of New Brunswick Power Corporation in exchange for debentures with like terms and conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 1997

The New Brunswick Power Corporation debentures received by the Province are reported in the Statement of Financial Position as a reduction of Funded Debt. This financing arrangement was used to obtain more favourable debt servicing costs. The transactions involving these securities, including the debt servicing costs, are not part of the budget plan of the Province's Consolidated Fund.

#### Foreign Currency Translation

The Province's assets, liabilities and contingent liabilities denominated in foreign currencies are translated to Canadian dollars at the year end rates of exchange, except where such items have been hedged or are subject to interest rate and currency swap agreements. In such cases, the rates established by the hedge or the agreements are used in the translation. Revenue and expenditure items are translated at the rates of exchange in effect at the respective transaction dates.

Exchange gains and losses are included in the Statement of Revenue and Expenditure except for the unrealized exchange gains and losses arising on the translation of long term items, which are deferred and amortized on a straight line basis over the remaining life of the related assets or liabilities.

#### Leases

Long term leases, under which the Province, as lessee, assumes substantially all the benefits and risks of ownership of leased property, are classified as capital leases although certain minimum dollar thresholds are in place for practical reasons. The benefits and risks of ownership of real property leases are considered to have been assumed by the Province if ownership transfers during the lease term or if the lease term is extremely long. The present value of a capital lease is accounted for as an expenditure and the assumption of an obligation. As at 31 March 1997, none of the lease agreements, under which the Province is lessee, are classified as capital leases.

All leases under which the Province does not assume substantially all the benefits and risks of ownership related to the leased property are classified as operating leases. Each rental payment required by an operating lease is recorded as an expenditure when it is due.

#### Measurement Uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in financial statements. This uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount. Many items in these financial statements have been measured using estimates. Those estimates have been based on assumptions that reflect economic conditions.

Some examples of where measurement uncertainty exists are the establishment of allowances for doubtful accounts, and the determination of pension expense.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 2 CHANGE IN ACCOUNTING POLICY**

The Workplace Health, Safety and Compensation Commission adopted new accounting policies in its 31 December 1996 financial statements.

The Commission now records a liability for the estimated cost of future claims that are expected to result from latent occupational diseases. Previously, these costs were not recorded as liabilities. This resulted in an increase in the Province's opening Net Debt as at 1 April 1996 of \$14.1 million.

The Commission now includes, as part of its benefits liability, the estimated liability for future administration costs of existing claims. This resulted in an increase in the Province's opening Net Debt as at 1 April 1996 of \$22.8 million.

During the year ended 31 March 1997, the Province changed its method of accounting for New Brunswick school districts from the transaction method to the consolidation method. This change was made because, effective 1 March 1996, the Province dissolved publicly elected school boards, and made the school districts accountable to the Minister of Education. School boards were reflected in the 31 March 1996 financial statements using the transaction method because of the difficulty in obtaining the necessary information to make the accounting change at that time.

This change resulted in an increase in the Province's opening net debt as at 1 April 1996 of \$9.7 million. The calculation of this amount required an estimate of the financial position of the school boards as at 31 March 1996.

**NOTE 3 CORRECTION OF ACCOUNTING ERROR**

The Province's 31 March 1996 financial statements overstated the value of Accounts and Interest Receivable. This overstatement was the result of an error in the amount receivable from municipalities. The balance receivable was overstated by \$2.7 million.

Correction of this error, which has been applied retroactively, resulted in a decrease in Accounts and Interest Receivable as at 31 March 1996 of \$2.7 million. It has also resulted in a decrease in the surplus for the year ended 31 March 1996 of \$1.5 million.

**NOTE 4 BUDGET**

The budget amounts included in these financial statements are the amounts published in the Main Estimates, adjusted for transfers from the Supplementary Funding Provision Program and elimination of inter-account transactions. The Supplementary Funding Provision Program is an appropriation which provides funding to other programs for costs associated with contract settlements, retirement allowances, and other requirements not budgeted in a specific program.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 5 BUDGET AND ACTUAL RESULTS BY BUDGETARY ACCOUNT**

The Province budgets revenue and expenditure in five budgetary accounts: Ordinary, Capital, Special Purpose, Sinking Fund Earnings and Special Operating Agencies. Descriptions of each budgetary account as well as budget and actual results for each account are reported below.

**a) Ordinary Account**

Ordinary revenue includes most revenue raised through taxation, fees, fines, licenses, permits and payments from the federal government under various arrangements.

Ordinary expenditure includes the operating costs of government programs. These costs are considered to be consumed in the year of occurrence and are costs which are not funded from Special Purpose revenue or by Special Operating Agency authority.

<u>Ordinary Revenue by Department</u>	(millions)		
	<u>1997 Budget</u>	<u>1997 Actual</u>	<u>1996 Actual</u>
Advanced Education and Labour	\$ 8.2	\$ 5.3	\$ 8.2
Agriculture and Rural Development	3.2	4.1	3.0
Economic Development and Tourism	4.1	9.7	6.7
Education	18.2	19.6	20.6
Environment	1.5	1.4	1.9
Finance	3,639.2	3,659.4	3,373.8
Fisheries and Aquaculture	6.6	6.0	6.8
Health and Community Services	24.3	30.2	85.2
Human Resources Development - NB	3.4	8.3	145.9
Justice	33.6	33.9	32.1
Maritime Provinces Higher Education Commission	2.4	2.4	2.6
Municipalities, Culture and Housing	49.5	49.4	50.7
Natural Resources and Energy	71.3	72.0	68.2
Other Agencies	137.1	89.1	134.2
Regional Development Corporation	22.8	17.5	27.5
Solicitor General	10.9	10.4	11.0
Supply and Services	1.2	1.3	1.3
Transportation	74.7	87.3	72.5
Total Ordinary Revenue	<u>4,112.2</u>	<u>4,107.3</u>	<u>4,052.2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

<u>Ordinary Expenditure by Department</u>	(millions)		
	1997 <u>Budget</u>	1997 <u>Actual</u>	1996 <u>Actual</u>
Advanced Education and Labour	\$ 128.3	\$ 122.3	\$ 114.4
Agriculture and Rural Development	23.3	22.7	23.2
Economic Development and Tourism	34.2	32.1	25.6
Education	622.4	623.8	614.2
Environment	13.2	13.0	13.8
Executive Council	3.1	2.8	2.9
Finance	22.2	17.6	17.0
Fisheries and Aquaculture	11.0	10.9	10.8
General Government	119.8	80.5	116.5
Health and Community Services	1,272.9	1,269.1	1,248.7
Human Resources Development - NB	289.9	295.3	293.8
Intergovernmental Affairs	1.2	1.2	1.0
Justice	27.2	28.0	26.8
Legislative Assembly	10.0	10.1	10.9
Maritime Provinces Higher Education Commission	167.9	167.9	161.5
Municipalities, Culture and Housing	200.6	201.8	206.4
Natural Resources and Energy	70.4	71.9	63.1
Office of the Comptroller	5.0	5.0	4.6
Office of the Premier	1.2	1.1	1.0
Regional Development Corporation	67.3	60.9	65.4
Service of the Public Debt	596.0	564.4	595.0
Solicitor General	68.3	74.1	70.7
Supply and Services	77.3	77.2	76.4
Transportation	<u>131.4</u>	<u>139.9</u>	<u>130.8</u>
Total Ordinary Expenditure	<u>3,964.1</u>	<u>3,893.6</u>	<u>3,894.5</u>
Surplus on Ordinary Account	<u>\$ 148.1</u>	<u>\$ 213.7</u>	<u>\$ 157.7</u>

**b) Capital Account**

Capital recoveries include entitlements and contributions from Canada for the construction, acquisition or major renovation of physical assets and proceeds received on disposal of government properties.

Expenditures are incurred to acquire or construct physical assets with expected lives of greater than one year. Grants paid to municipalities, educational institutions and government agencies to acquire or construct physical assets are also treated as capital expenditures when the assets are considered to be for long term public benefit. Physical assets include land, buildings, highways, bridges, wharves, ferries, vehicles and equipment. Certain minimum dollar thresholds have been established for practical reasons.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	1997	(millions) 1997	1996
<u>Capital Recoveries by Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Agriculture and Rural Development	\$ 0.8	\$ 1.9	\$ 1.3
Economic Development and Tourism	---	---	0.1
Municipalities, Culture and Housing	1.7	0.3	0.3
Natural Resources and Energy	---	0.3	---
Regional Development Corporation	6.4	5.7	6.1
Supply and Services	---	0.1	---
Transportation	<u>173.6</u>	<u>84.3</u>	<u>95.3</u>
Total Capital Recoveries	<u>182.5</u>	<u>92.6</u>	<u>103.1</u>
 <u>Capital Expenditure by Department</u>			
Agriculture and Rural Development	0.1	0.2	0.2
Economic Development and Tourism	0.7	0.7	0.6
Education	2.0	2.0	2.0
Environment	9.9	9.8	16.1
Health and Community Services	11.4	11.2	12.7
Maritime Provinces Higher Education Commission	---	---	1.0
Municipalities, Culture and Housing	5.0	3.3	2.2
Regional Development Corporation	15.4	13.9	11.9
Supply and Services	61.3	63.4	71.8
Transportation	<u>311.6</u>	<u>255.8</u>	<u>279.9</u>
Total Capital Expenditure	<u>417.4</u>	<u>360.3</u>	<u>398.4</u>
Net Capital Expenditure	<u>\$ 234.9</u>	<u>\$ 267.7</u>	<u>\$ 295.3</u>

**c) Special Purpose Account**

Revenue is designated by donor request or legislation to be used for specific purposes. Expenditures are made for those designated purposes.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

<u>Special Purpose Revenue by Department</u>	(millions)		
	<u>1997</u> <u>Budget</u>	<u>1997</u> <u>Actual</u>	<u>1996</u> <u>Actual</u>
Advanced Education and Labour	\$ 0.2	\$ 1.8	\$ 0.3
Agriculture and Rural Development	---	0.2	1.0
Economic Development and Tourism	---	2.7	0.1
Education	0.1	3.8	0.2
Environment	14.6	14.8	14.9
Finance	0.1	0.1	0.1
Health and Community Services	0.7	0.7	1.0
Justice	---	---	0.1
Municipalities, Culture and Housing	0.8	0.8	0.8
Solicitor General	1.9	1.8	1.9
Supply and Services	4.5	3.0	5.0
Transportation	<u>0.3</u>	<u>0.5</u>	<u>0.5</u>
Total Special Purpose Revenue	<u>23.2</u>	<u>30.2</u>	<u>25.9</u>
 <u>Special Purpose Expenditure by Department</u>			
Advanced Education and Labour	0.2	0.5	0.1
Agriculture and Rural Development	---	0.2	---
Economic Development and Tourism	---	1.7	0.1
Education	0.2	3.5	0.3
Environment	14.3	14.5	15.9
Finance	---	0.7	0.1
Health and Community Services	3.1	3.8	1.2
Justice	---	0.1	0.1
Municipalities, Culture and Housing	0.9	0.8	0.7
Solicitor General	1.9	1.7	2.7
Supply and Services	4.5	3.2	4.7
Transportation	<u>0.3</u>	<u>0.5</u>	<u>0.3</u>
Total Special Purpose Expenditure	<u>25.4</u>	<u>31.2</u>	<u>26.2</u>
Surplus (Deficit) on Special Purpose Account	<u>\$ (2.2)</u>	<u>\$ (1.0)</u>	<u>\$ (0.3)</u>

**d) Sinking Fund Earnings**

Sinking Fund Earnings are the earnings of the Province's General Sinking Fund, reduced by the amount recognized by the New Brunswick Power Corporation. During the fiscal year ended 31 March 1997, total earnings were \$193.1 million (\$196.3 million in 1996), of which \$11.9 million was recognized by the New Brunswick Power Corporation (\$10.2 million in 1996).

<u>Revenue by Department</u>	(millions)		
	<u>1997</u> <u>Budget</u>	<u>1997</u> <u>Actual</u>	<u>1996</u> <u>Actual</u>
Sinking Fund Earnings	<u>\$ 183.5</u>	<u>\$ 181.2</u>	<u>\$ 186.1</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**e) Special Operating Agencies**

Revenue may be generated by the Special Operating Agencies or from transfers from other budgetary accounts.

Expenditures are incurred by the agencies in delivering the programs they offer and may be of a capital or operating nature.

The Regional Development Special Operating Agency exists to administer the projects under the Canada - New Brunswick Infrastructure Agreements, assist in administering the Jobs Plus program and assist in administering several other grant programs of government.

The Investment Management Special Operating Agency was established to manage employee pension plan and other investments. This agency became the Investment Management Corporation on 11 March 1996. The 1997 revenue and expenditure of the Corporation is shown in section f) of this note as an adjustment on consolidation.

The Vehicle Management Special Operating Agency exists to maintain the provincial fleet of vehicles and heavy equipment.

The New Brunswick Integrated Justice Special Operating Agency was established to assist in managing the restructuring of justice administration.

The New Brunswick Community College Special Operating Agency was created to administer the Province's community colleges.

	1997	(millions) 1997	1996
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b><u>Revenue by Special Operating Agency</u></b>			
Regional Development	\$ 21.0	\$ 32.2	\$ 36.8
Investment Management	---	---	0.6
New Brunswick Integrated Justice	---	0.2	0.4
New Brunswick Community Colleges	77.0	83.2	81.5
Vehicle Management	<u>55.7</u>	<u>56.9</u>	<u>43.2</u>
Total Special Operating Agency Revenue	<u>153.7</u>	<u>172.5</u>	<u>162.5</u>
<b><u>Expenditure by Special Operating Agency</u></b>			
Regional Development	23.0	33.6	34.9
Investment Management	---	---	0.6
New Brunswick Integrated Justice	---	0.2	---
New Brunswick Community Colleges	77.0	80.6	81.5
Vehicle Management	<u>55.3</u>	<u>56.2</u>	<u>42.9</u>
Total Special Operating Agency Expenditure	<u>155.3</u>	<u>170.6</u>	<u>159.9</u>
Surplus (Deficit) on Special Operating Agency Account	<u>\$ (1.6)</u>	<u>\$ 1.9</u>	<u>\$ 2.6</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**f) Adjustments on Consolidation**

Some of the entities included in these financial statements were not included in the Province's budget on a consolidated basis. The previous tables report actual results, before consolidation adjustments, as compared to budget. Adjustments to the actual results reported in the previous tables are required to reflect these entities on a consolidated basis.

The adjustments required are as follow:

	(millions)	
	<u>1997</u>	<u>1996</u>
	<u>Actual</u>	<u>Actual</u>
<b><u>Revenue Consolidation Adjustments</u></b>		
Algonquin Properties Limited	\$ 5.9	\$ 6.3
Kingsbrae Horticultural Garden Inc.	0.7	0.3
N.B. Agriexport Inc.	0.5	---
New Brunswick Investment Management Corporation	2.7	---
New Brunswick Biotechnology and Technological Innovation Centre of Excellence Inc.	---	1.5
	<u>9.8</u>	<u>8.1</u>
<b><u>Expenditure Consolidation Adjustments</u></b>		
Algonquin Properties Limited	7.1	7.4
Kingsbrae Horticultural Garden Inc.	0.5	0.3
N.B. Agriexport Inc.	0.7	---
New Brunswick Investment Management Corporation	2.7	---
New Brunswick Biotechnology and Technological Innovation Centre of Excellence Inc.	1.5	---
	<u>12.5</u>	<u>7.7</u>
Net Expenditure (Revenue) on Consolidation	<u>\$ 2.7</u>	<u>\$(0.4)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**g) Reconciliation to Statement of Revenue and Expenditure**

The following table reconciles the total actual results by budgetary account to the totals reported in the Statement of Revenue and Expenditure of the Province which is prepared on a consolidated basis. In combining the various budgetary accounts, inter-account transactions have been eliminated and the revenues approved as reductions from expenditure appropriations have been added back to expenditure and reflected as revenue.

The values of all amounts adjusted in this manner are disclosed in the following table:

	(millions)			
	1997		1996	
	<u>Revenue</u>	<u>Expenditure</u>	<u>Revenue</u>	<u>Expenditure</u>
Ordinary Account	\$ 4,107.3	\$ 3,893.6	\$ 4,052.2	\$ 3,894.5
Capital Account	92.6	360.3	103.1	398.4
Special Purpose Account	30.2	31.2	25.9	26.2
Sinking Fund Earnings	181.2	---	186.1	---
Special Operating Agencies	172.5	170.6	162.5	159.9
Revenues Netted Against Expenditure	12.3	12.3	15.7	15.7
Elimination of Inter-account Transactions	(135.4)	(135.4)	(127.3)	(127.3)
Adjustments on Consolidation	<u>9.8</u>	<u>12.5</u>	<u>8.1</u>	<u>7.7</u>
Total as Reported in Financial Statements	<u>\$ 4,470.5</u>	<u>\$ 4,345.1</u>	<u>\$ 4,426.3</u>	<u>\$ 4,375.1</u>

**NOTE 6 BALANCING OF EXPENDITURE AND REVENUE**

The Province's Balanced Budget Act requires that total expenditures not exceed total revenues for the period commencing 1 April 1996 and ending 31 March 2000.

That Act stipulates that any change made within the last fifteen months, or after completion of the period from 1 April 1996 to 31 March 2000 in relation to the official estimates by the Government of Canada for provincial entitlements under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act or the Canada-New Brunswick Tax Collection Agreement, shall not be taken into account.

The cumulative difference as at 31 March 1997 between revenue and expenditure is as follows:

	(millions)
	1997
	<u>Actual</u>
Cumulative Difference - Beginning of Year	\$ ---
Revenue	4,470.5
Expenditure	<u>4,345.1</u>
Cumulative Difference - End of Year	<u>\$ 125.4</u>



NOTES TO THE FINANCIAL STATEMENTS  
31 March 1997

NOTE 7 LOANS AND ADVANCES

In addition to establishing budgets for the classifications referred to in note 5 to these financial statements, the Province budgets disbursements and recoveries for loans and advances. The budgeted amounts and actual results for the year ended 31 March 1997, and the actual results for the year ended 31 March 1996 are as follows:

	(millions)		
	1997	1997	1996
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Disbursements</u>			
Agricultural Development Act and New Brunswick Crop			
Insurance Commission	\$ 5.0	\$ 2.3	\$ 2.9
Algonquin Properties Limited	2.1	---	0.7
Economic Development Act	45.0	18.1	28.4
Fisheries Development Act	8.0	2.8	3.1
Housing	<u>2.6</u>	<u>2.5</u>	<u>2.5</u>
 Total Disbursements	 <u>62.7</u>	 <u>25.7</u>	 <u>37.6</u>
<u>Recoveries</u>			
Agricultural Development Act and New Brunswick Crop			
Insurance Commission	1.9	2.9	1.1
Economic Development Act	5.3	5.9	7.7
Finance	0.7	0.6	---
Fisheries Development Act	5.8	7.5	11.3
Housing	2.2	3.1	2.4
Other	<u>0.5</u>	<u>0.5</u>	<u>1.6</u>
 Total Recoveries	 <u>16.4</u>	 <u>20.5</u>	 <u>24.1</u>
 Net Loans and Advances	 <u>\$46.3</u>	 <u>\$ 5.2</u>	 <u>\$13.5</u>

NOTE 8 SPECIAL PURPOSE ACCOUNTS

Special Purpose Account revenue earned but not spent accumulates as a surplus in that account and may be spent in future years for the purposes specified. At 31 March 1997, the accumulated surplus in all Special Purpose Accounts totaled \$13.8 million (\$14.8 million 1996). This total is recorded as a reduction in net debt.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

The following table summarizes the change in the accumulated Special Purpose Account surplus.

	1996 Accumulated Surplus	(millions)		Accumulated Surplus
		Revenue	Expenditure	
Advanced Education and Labour				
International Projects	\$ 0.4	\$ 1.7	\$ 0.4	\$ 1.7
Johann Wordel Account	0.1	---	---	0.1
New Brunswick Community College Scholarship Account	0.2	0.1	0.1	0.2
Agriculture and Rural Development				
Kingsbrae Horticultural Garden	---	0.2	0.2	---
Economic Development and Tourism				
Redevelopment of the Miramichi Region	---	2.6	1.7	0.9
Education				
Fred Magee Account	0.1	0.1	---	0.2
CMEC-School Achievement Indicators Program	---	0.1	0.1	---
School District Projects	---	2.8	2.8	---
Self Sustaining Accounts	0.5	0.9	0.6	0.8
Environment				
Environmental Trust Fund	1.3	14.8	14.5	1.6
Finance				
Group Insurance Trust Fund	3.0	0.1	0.7	2.4
Health and Community Services				
Hospital Liability Protection Account	4.4	0.4	3.5	1.3
Medical Research Assistance Account	2.9	0.1	0.1	2.9
Third Party Contributions	---	0.2	0.2	---
Justice				
Family Support	0.1	---	0.1	---
Municipalities, Culture and Housing				
Arts Development Trust Fund	0.7	0.4	0.4	0.7
Sport Development Trust Fund	0.1	0.4	0.4	0.1
Solicitor General				
Municipal Police Assistance Account	0.2	0.6	0.6	0.2
Victim Compensation Account	0.1	0.3	0.4	---
Victim Services Account	0.1	0.9	0.7	0.3
Supply and Services				
Archival Account	0.1	---	0.1	---
Land Management Account	---	2.9	2.9	---
Public/Private Partnership Projects	0.3	---	0.1	0.2
Renovation of Old Government House	---	0.1	0.1	---
Transportation				
Suspended Driver - Alcohol Re-education Program	---	0.3	0.3	---
National Safety Code Agreement	0.2	0.2	0.2	0.2
	<u>\$ 14.8</u>	<u>\$ 30.2</u>	<u>\$ 31.2</u>	<u>\$ 13.8</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 9 GOVERNMENT ENTERPRISES**

A Government Enterprise is an organization accountable to the Legislative Assembly that has the power to contract in its own name, has the financial and operating authority to carry on a business, sells goods and services to customers outside the Provincial Reporting Entity as its principal activity, and that can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside the Provincial Reporting Entity.

The following is a list of Government Enterprises, and their fiscal year ends, which are included in the Provincial Reporting Entity as described in note 1 a) to these financial statements.

Lotteries Commission of New Brunswick (Lotteries)	31-03-97
New Brunswick Liquor Corporation (Liquor)	31-03-97
New Brunswick Municipal Finance Corporation (Municipal Finance)	31-12-96
New Brunswick Power Corporation (Power)	31-03-97
Workplace Health, Safety and Compensation Commission (WHSCC)	31-12-96

The following table presents condensed financial information of these Government Enterprises.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)					
	<u>Lotteries</u>	<u>Liquor</u>	<u>Municipal Finance</u>	<u>Power</u>	<u>WHSCC</u>	<u>Total</u>
<b><u>Assets</u></b>						
Cash and Equivalents	\$ ---	\$ 0.2	\$ 0.7	\$ 15.0	\$ 403.8	\$ 419.7
Receivables	7.0	1.0	4.1	170.5	64.9	247.5
Prepays	---	0.1	---	5.1	---	5.2
Inventories	---	9.7	---	83.6	---	93.3
Deferred Charges	---	4.9	---	133.9	---	138.8
Fixed Assets	---	9.7	---	3,817.7	8.7	3,836.1
Other Assets	---	---	303.0	61.0	0.4	364.4
Total Assets	<u>\$ 7.0</u>	<u>\$ 25.6</u>	<u>\$ 307.8</u>	<u>\$ 4,286.8</u>	<u>\$ 477.8</u>	<u>\$ 5,105.0</u>
<b><u>Liabilities</u></b>						
Short Term Bank Loans	\$ ---	\$ 1.0	\$ ---	\$ 111.1	\$ ---	\$ 112.1
Payables	---	6.6	4.1	198.5	9.9	219.1
Reserves	---	---	---	226.3	---	226.3
Long Term Debt	---	7.4	303.0	370.8	461.9	1,143.1
Debt Funded by the Province	---	---	---	2,933.6	---	2,933.6
Total Liabilities	<u>---</u>	<u>15.0</u>	<u>307.1</u>	<u>3,840.3</u>	<u>471.8</u>	<u>4,634.2</u>
<b><u>Equity</u></b>						
Retained Earnings	<u>7.0</u>	<u>10.6</u>	<u>0.7</u>	<u>446.5</u>	<u>6.0</u>	<u>470.8</u>
Total Equity	<u>7.0</u>	<u>10.6</u>	<u>0.7</u>	<u>446.5</u>	<u>6.0</u>	<u>470.8</u>
Total Liabilities and Equity	<u>\$ 7.0</u>	<u>\$ 25.6</u>	<u>\$ 307.8</u>	<u>\$ 4,286.8</u>	<u>\$ 477.8</u>	<u>\$ 5,105.0</u>
<b><u>Net Income</u></b>						
Revenue	\$ 86.8	\$ 232.2	\$ 25.8	\$ 1,070.0	\$ 134.9	\$ 1,549.7
Operating Expenses	(1.0)	(148.8)	( 0.1)	(747.7)	(109.8)	(1,007.4)
Interest Expense	---	---	( 25.7)	(341.7)	---	(367.4)
Net Income	<u>\$ 85.8</u>	<u>\$ 83.4</u>	<u>\$ ---</u>	<u>\$ (19.4)</u>	<u>\$ 25.1</u>	<u>\$ 174.9</u>

The financial information of Government Enterprises is prepared according to generally accepted accounting principles, using accounting policies that are appropriate for the industry segment in which they operate. These accounting policies may not be consistent with accounting policies used by other member organizations of the Provincial Reporting Entity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**Lotteries Commission of New Brunswick**

The Lotteries Commission of New Brunswick is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is jointly owned by the four Atlantic Provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

**New Brunswick Liquor Corporation**

The New Brunswick Liquor Corporation was established under the New Brunswick Liquor Corporation Act. Its business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick.

**New Brunswick Municipal Finance Corporation**

The Municipal Finance Corporation was established under the New Brunswick Municipal Finance Corporation Act. Its purpose is to provide financing for municipalities and municipal enterprises through a central borrowing authority.

**New Brunswick Power Corporation**

The New Brunswick Power Corporation was established in 1920 under the Electric Power Act and is an agent of the Crown in right of the Province. The Corporation provides for the continuous supply of energy adequate for the needs and future development of the Province and promotes economy and efficiency in the distribution, supply, sale and use of power.

**Workplace Health, Safety and Compensation Commission**

The Workplace Health, Safety and Compensation Commission was established under the Workplace Health, Safety and Compensation Commission Act on 1 January 1995. It is responsible for administration of both the Occupational Health and Safety Act and the Worker's Compensation Act. The Workplace Health, Safety and Compensation Commission is dedicated to the promotion of a safe and healthy work environment and the provision of services to workplaces, employers and the injured workers of New Brunswick.

The Commission administers the payment of benefits to injured workers, levies and collects assessment revenues and invests funds. Assessments collected from employers can only be used for the purposes of the Commission.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 10 BORROWING AUTHORITY**

**a) Balance of Borrowing Authority under the Provincial Loans Act**

The balance of borrowing authority granted under the Provincial Loans Act is as follows:

	(millions)			
<b>Balance</b>	<b>Authority</b>	<b>Borrowing</b>	<b>Borrowing</b>	<b>Balance</b>
<b>31 March 96</b>	<b>Granted</b>	<b>During the</b>	<b>During the</b>	<b>31 March 97</b>
<b>31 March 96</b>	<b>During the</b>	<b>Year</b>	<b>Year</b>	<b>31 March 97</b>
Loan Act 1991	\$ 5.5	\$ ---	\$ ---	\$ 5.5
Loan Act 1994	104.4	---	104.4	---
Loan Act 1995	315.0	---	166.6	148.4
Loan Act 1996	<u>---</u>	<u>485.0</u>	<u>---</u>	<u>485.0</u>
	<u>\$424.9</u>	<u>\$485.0</u>	<u>\$271.0</u>	<u>\$638.9</u>

Under the authority of section 2 of the Provincial Loans Act, the maximum temporary indebtedness of the Province is \$1,400.0 million. At 31 March 1997, bank advances and short term borrowing amounted to \$316.7 million.

Under the authority of subsection 3(1) of the Provincial Loans Act, the Province may borrow sums required for the repayment, refinancing or renewal of securities issued or for the payment of any loan or liability, repayment of which is guaranteed by the Province. This authority is in addition to the authorities listed above.

**b) Borrowing by the Municipal Finance Corporation**

The New Brunswick Municipal Finance Corporation has authority under the New Brunswick Municipal Finance Corporation Act to provide financing for municipalities and municipal enterprises. As at 31 December 1996, long term debt owed by the corporation was \$303.0 million.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 11 FUNDED DEBT OUTSTANDING**

The following is a maturity schedule for the total amount of the Province's Funded Debt.

(millions)					
<u>Fiscal Year of Maturity</u>	<u>Interest Rate (%) Range</u>	<u>Currency Amount</u>	<u>Total Funded Debt</u>	<u>Borrowing for NB Power Corporation</u>	<u>Funded Debt for Provincial Purposes</u>
1997-98	4.7 6.5-10.8	Yen 6,000.0 CAN \$ 651.2	\$ 67.5 <u>651.2</u>	\$ --- <u>(100.0)</u>	
			<u>718.7</u>	<u>(100.0)</u>	<b>\$ 618.7</b>
1998-99	5.5-7.6 7.2-10.5	US \$ 62.0 CAN \$ 401.7	85.8 <u>401.7</u>	(63.7) <u>---</u>	
			<u>487.5</u>	<u>(63.7)</u>	<b>423.8</b>
1999-2000	7.2-12.7	CAN \$ 415.0	<u>415.0</u>	<u>(100.0)</u>	<b>315.0</b>
2000-2001	5.0 7.4 7.6-13.4	Yen 1,128.0 Sfr 130.0 CAN \$ 626.8	12.6 125.1 <u>626.8</u>	--- --- <u>(251.0)</u>	
			<u>764.5</u>	<u>(251.0)</u>	<b>513.5</b>
2001-2002	5.0 9.25-17.5	Yen 1,128.0 CAN \$ 575.6	12.6 <u>575.6</u>	--- <u>(250.0)</u>	
			<u>588.2</u>	<u>(250.0)</u>	<b>338.2</b>
2002-2003 & After	6.5-9.8 5.0 5.3 6.75-16.5	US \$ 1,593.5 Yen 9,744.0 Sfr 100 0 CAN \$4,185.7	2,205.9 109.0 96.3 <u>4,185.7</u>	(913.6) --- --- <u>(1,420.0)</u>	
			<u>6,596.9</u>	<u>(2,333.6)</u>	<b>4,263.3</b>
Funded Debt before Sinking Fund Investments			9,570.8	(3,098.3)	<b>6,472.5</b>
Less: Sinking Fund Investments			<u>2,469.6</u>	<u>(164.7)</u>	<b>2,304.9</b>
Funded Debt Outstanding			<u>\$7,101.2</u>	<u>\$(2,933.6)</u>	<b>\$4,167.6</b>

Pursuant to section 12 of the Provincial Loans Act, the Minister of Finance maintains a General Sinking Fund for the repayment of funded debt either at maturity or upon redemption in advance of maturity. At 31 March 1997, the equity of the General Sinking Fund accumulated for the repayment of Provincial Debt was \$2,304.9 million (\$2,082.1 million 1996). Some of the assets of this Fund are bonds and debentures issued or guaranteed by the Province of New Brunswick. The net book value of these investments at 31 March 1997 was \$1,264.9 million (\$1,191.1 million 1996).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Because government enterprises are included in the reporting entity through modified equity accounting, long term debt issued directly by those enterprises is not included in the amount of Funded Debt Outstanding. Note 9 to these financial statements discloses the long term debt obligations of government enterprises.

The following amounts, which are payable under interest rate and currency swap agreements, have been included in the preceding funded debt maturity schedule. They have been reflected in that schedule in the currency payable per each financial swap agreement.

<u>Fiscal Year of Maturity</u>	<u>Amount Payable in Original Currency</u>	<u>Amount Payable Per Financial Swap Agreement</u>	<u>Canadian Dollar Equivalent</u>
		(millions)	
		1997	
1998-99	Yen 5,000.0	CAN \$ 46.0	\$ 46.0
2000-2001	US \$ 15.6	CAN \$ 23.8	23.8
2002-2003	Yen 3,000.0	CAN \$ 30.6	30.6
2003-2004	Yen 5,000.0	CAN \$ 59.8	59.8
2004-2005	Yen 5,000.0	US \$ 47.5	65.8
2004-2005	Yen 5,000.0	CAN \$ 71.2	71.2
2004-2005	Yen 4,000.0	CAN \$ 55.1	55.1
2004-2005	Yen 3,000.0	CAN \$ 41.1	<u>41.1</u>
			<u>\$393.4</u>

In addition to the above interest rate and currency swap agreements, the Province has an interest rate swap agreement associated with a CAN \$40.0 million issue due 2005.

The following estimated payments are required in each of the next five years to meet the sinking fund provisions of existing debt.

<u>Fiscal Year</u>	<u>millions</u>
1997-98	\$98.6
1998-99	89.0
1999-2000	80.8
2000-2001	76.4
2001-2002	68.8



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 12 DEBT CHARGES**

The total provincial cost of interest, exchange, amortization and related expenses is \$406.8 million (\$444.4 million 1996), which consists of:

	(millions)	
	<u>1997</u>	<u>1996</u>
Interest	\$825.1	\$841.2
Foreign Exchange Expense	11.2	19.9
Other Expenses	7.8	8.3
	<b>844.1</b>	869.4
Interest Recovery for Debt Incurred for the New Brunswick Power Corporation	(269.0)	(272.4)
Interest Subsidy Costs Charged to Various Expenditure Functions	(6.1)	(2.0)
Capitalization of Interest	(4.6)	---
Service of the Public Debt	564.4	595.0
Interest Subsidy Costs Charged to Various Expenditure Functions	6.1	2.0
Pension Interest Charged to Various Expenditure Functions	17.5	33.5
Sinking Fund Earnings	(181.2)	(186.1)
	<b>\$406.8</b>	<b>\$444.4</b>

**NOTE 13 PENSION PLANS**

**a) Description**

Employees of the Province and certain other entities, as well as members of the Legislative Assembly, are entitled to receive pension benefits. Pension funds distinct from the Consolidated Fund exist for each of these pension plans, except for the Members' Superannuation Plan, Members' Pension Plan and the Ombudsman Plan.

The following is a summary of contribution levels and member basic benefits for each pension plan.

Public Service Superannuation Plan (Public Service)

Employees are required to contribute 5.8% of their earnings, up to the year's maximum pensionable earnings under the Canada Pension Plan Act (YMPE), plus 7.5% on earnings above the YMPE. The Employer is required to contribute an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

The basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the YMPE and 2% of the average annual salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 5%.

Normal retirement age is 65. Unreduced pension benefits are available upon reaching age 60 with 5 years pensionable service. Reduced benefits are available at age 55 with 5 years of service.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Teachers' Pension Plan (Teachers')

Employees are required to contribute 7.3% of their earnings up to YMPE plus 9% of earnings above the YMPE. The Employer makes contributions equal to the employee contributions.

The basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the YMPE and 2% of the average annual salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 4.75%.

Employees are eligible for pension benefits when the sum of their age and completed years pensionable service is 87 or more, they have a minimum of 35 years pensionable service or at age 65 with 5 years of pensionable service. Reduced benefits are available when the age and service total is 85, or at age 60 with 5 years of service.

Judges' Superannuation Plan (Judges')

Judges are required to contribute 5.8% of their earnings up to the YMPE plus 7.5% on earnings above the YMPE. The Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

Pension benefits are equal to 60% of the final salary less 0.7% of the 3 year YMPE average for each year of pensionable service after 1966. Pension benefits are indexed annually to a maximum of 5%.

Normal retirement is at age 65. Unreduced benefits are available at age 60 with 25 years service or at age 65 with 10 years service.

Members' Superannuation Plan and Members' Pension Plan (Members')

a) The Members' Superannuation Plan applies to Members of the Legislative Assembly (MLA's) who were MLA's prior to the enactment of the *Members Pension Act*.

MLA's are required to contribute 9% of the MLA's indemnity plus 6% of the Minister's salary (if a Minister). These contributions are credited to the Members' Superannuation Account within the Provincial Consolidated Fund. The Province contributes an amount equal to the excess of pension payments over member contributions, plus interest.

Basic pension equals 4.5% of the average indemnity during the last three years as an MLA multiplied by the number of pensionable sessions served plus 3% of the average Ministers' salary (if any) during the last three years multiplied by the years service as a Minister. The benefit cannot exceed the amount of the final year's sessional indemnity.

Members are eligible for benefits upon ceasing to be an MLA with at least 10 sessions of pensionable service.

b) Members of the Members' Pension Plan are required to contribute the lesser of the amount described under the Members' Superannuation Plan and the maximum deductible registered pension contributions under the Income Tax Act.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Basic pension equals 2% of the average indemnity received in the highest paid 3 continuous sessions of the Legislature multiplied by the number of pensionable sessions while a member. Ministers are eligible for an additional basic pension amount equal to 2% of the average Minister's salary multiplied by the years of service as a Minister. MLA's are eligible for a supplementary allowance of 125% of the basic pension amount. Ministers are eligible for an additional supplementary allowance equal to 50% of the basic Minister's pension amount.

Members are eligible for basic pension benefits at age 60 upon ceasing to be an MLA with at least 8 sessions of pensionable service. Eligibility for supplementary allowances commences at age 55 with at least 8 sessions of service upon ceasing to be a member.

Pension Plan for Canadian Union of Public Employees of New Brunswick Hospitals  
(Hospitals - C.U.P.E.)

Employees are required to contribute 4.5% of their earnings up to the YMPE and 6% on the earnings above the YMPE. Employer contributes an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

Basic pension is 1.4% of the average annual salary during the highest paid continuous 5 year period up to the YMPE and 2% of the average salary above the YMPE multiplied by the number of years pensionable service. There are also supplementary pension benefits available when benefits are less than \$1,500. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Normal retirement age is 65. Unreduced pension benefits are available at age 63 with 5 years of pensionable service. Effective 1 April 1997 to 30 June 1999, members can retire at age 60 with 5 years of service and receive an unreduced pension. Reduced benefits are available at age 55 with 5 years of pensionable service.

Pension Plan for Management Employees of New Brunswick School Districts  
(Schools - Management)

This plan is being curtailed. All former members have been given the option to transfer their benefits to the Public Service plan or to take a deferred pension from this plan.

There are no current contributors to the plan.

Basic pension equals 1.5% of average annual salary during the highest paid continuous 5 years up to the YMPE and 2% of the average salary in excess of the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Normal retirement age is 65. Unreduced pension is available at age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years service.

Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts (Schools - G.L.T.& S.)

Employees are required to contribute 4.5% of their earnings up to the YMPE, plus 6% of earnings above the YMPE. Employer contributes an amount equal to 95% of the employee contributions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Basic pension equals 1.4% of average annual salary during the highest paid continuous 5 years up to the YMPE and 2% of the average salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Normal retirement age is 65. Unreduced pension benefits are available at age 63 with 5 years pensionable service. Effective 4 May 1994 to 1 March 1998, members are eligible for unreduced benefits if they retire at age 60 with 5 years of service. Reduced benefits are available on retirement at age 55 with 10 years continuous employment.

Pension Plan for Secretarial and Clerical Employees of New Brunswick School Districts (Schools - S. & C.)

Employees are required to contribute 4.5% of their earnings up to the YMPE, plus 6% of earnings above the YMPE. Employer contributes an amount equal to 95% of the employee contributions.

Basic pension equals 1.3% of average annual salary during the highest paid continuous 5 years up to the YMPE and 2% of the average salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Normal retirement is at age 65. Unreduced pension benefits are available at age 63 with 5 years pensionable service. Reduced benefits are available on retirement at age 55 with 10 years continuous employment.

Ombudsman Plan (Ombudsman)

The Province contributes the amount required to make annual pension payments. There are no current active contributors to this plan. All contributions are made to fund pension payments to retired Ombudsmen or their beneficiaries.

Basic pension to current recipients is the same as that for Federal Court Judges.

Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals (Hospitals - Certain)

Employees are required to contribute 5.185% of their earnings up to the YMPE, plus 6.61% of earnings above the YMPE. Employer makes contributions equal to the employee contributions.

Basic pension equals 1.3% of average annual salary during the highest paid continuous 5 years up to the YMPE and 2% of the average salary in excess of the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 4%.

Normal retirement is at age 65. Unreduced pension is available at age 60 with 5 years service. Reduced pension is available at age 55 with 10 years continuous employment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Pension Plan for Part-time and Seasonal Employees (Part Time)

This is a defined contribution plan. Eligible employees include part-time or seasonal employees of the Province, Hospital Corporations, and various government agencies. Participation in the plan is voluntary. Employees can contribute 2%, 3.25% or 4.5% of their earnings. The Employer makes contributions equal to the employee contributions. The employee can make additional contributions up to the overall contribution maximums under the Income Tax Act but these are not matched by the employer. Normal retirement age is 65.

Early Retirement / Workforce Adjustment Program (Early Retirement)

The Province has obligations under various early retirement initiatives. During the fiscal year ended 31 March 1997, a new initiative, the Workforce Adjustment Program, was offered. Under this program, certain employees are eligible for special retirement provisions if their jobs are lost due to budget reductions or restructuring. Employees can retire as early as age 55 with an unreduced pension. In addition, they are eligible to purchase up to 3 years of pension credits at a cost of 5 weeks pay for every year purchased. If an employee retires before age 55, options to use retiring allowance or severance benefits to bridge to age 55 are also available.

**b) Pension Liability**

With the exception of the Hospitals - Certain plan which is a defined benefit plan with a fixed employer contribution, and the Part-Time plan, which is a defined contribution plan, the Province is liable for any excess of accrued pension benefits over pension fund assets. The estimated pension liability for all pension plans is \$1,251.8 million (\$1,386.4 million 1996). This estimate is based on actuarial valuations using the projected unit credit method, calculated as at the dates listed below. This method estimates the present value of retirement benefits associated with the period of employee service to the valuation date. The actuarial valuations were based on a number of assumptions about future events, such as rates of return on assets, wage and salary increases and employee turnover and mortality. Section h) of this note lists some of the actuarial assumptions used. Section i) lists selected information about plan members.

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

<u>Plan</u>	<u>Date</u>
Public Service	01/04/93
Teachers'	01/04/93
Judges'	31/03/92
Members'	01/04/96
Hospitals - C.U.P.E.	01/01/93
Schools - Management	01/01/93
Schools - G.L.T.&S.	01/01/93
Schools S.&C.	01/01/93
Ombudsman	---
Hospitals - Certain	---
Early Retirement	31/03/96

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Details of the pension liability are outlined in the following table. The estimated accrued benefits and the value of plan assets reported have been updated to the most recent year end of the applicable pension plan. This was based on a projection of the actuarial assumptions and on actual contribution levels. The plans for hospital and school district employees have 31 December year ends. All other plans have 31 March year ends.

The actuarial pension liability is calculated by deducting the value of plan assets from the value of estimated accrued benefits. The pension liability for accounting purposes is calculated by adding the value of unamortized adjustments to the actuarial pension liability. Details of the unamortized adjustments are disclosed in sections e), f) and g) of this note.

Plan	(millions)					
	1997					1996
	Estimated Accrued Benefits	Value of Assets	Actuarial Pension Liability (Surplus)	Unamortized Pension Adjustments	Pension Liability (Surplus)	Pension Liability (Surplus)
Public Service	\$ 2,198.9	\$ 2,201.4	\$ (2.5)	\$ 422.6	\$ 420.1	\$ 492.9
Teachers'	2,343.4	2,131.9	211.5	544.7	756.2	828.9
Judges'	25.7	12.7	13.0	0.3	13.3	13.7
Members'	28.8	---	28.8	---	28.8	27.7
Hospitals - C.U.P.E.	162.5	230.9	(68.4)	62.4	(6.0)	(6.0)
Schools - Management	10.4	16.2	(5.8)	---	(5.8)	(2.2)
Schools - G.L.T.& S.	82.8	116.5	(33.7)	27.8	(5.9)	(5.2)
Schools - S.& C.	12.3	19.4	(7.1)	4.3	(2.8)	(2.2)
Early Retirement	53.9	---	53.9	---	53.9	38.8
	<u>\$ 4,918.7</u>	<u>\$ 4,729.0</u>	<u>\$ 189.7</u>	<u>\$1,062.1</u>	<u>\$1,251.8</u>	<u>\$1,386.4</u>

### c) Funding

Pursuant to the Public Service Superannuation Act, the Consolidated Fund and certain government agencies will, in each fiscal year until the benefits under that Act are fully funded, pay an amount into the Public Service Superannuation Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1997 was \$36.4 million as follows:

Consolidated Fund	\$ 28.6
New Brunswick Liquor Corporation	0.4
New Brunswick Power Corporation	7.2
Workplace Health, Safety and Compensation Commission	0.2

In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

As at 31 March 1997, the Public Service plan had accrued benefits owing of \$2,198.9 million and assets of \$2,201.4 million. This plan was therefore 100.1% funded on an actuarial basis, using the assumptions disclosed in this note.

Pursuant to the Teachers' Pension Act, the Province will, in each fiscal year until the benefits under that Act are fully funded, pay an amount into the Teachers' Pension Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1997 was \$52.9 million. In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

As at 31 March 1997, the Teachers' plan had accrued benefits owing of \$2,343.4 million and assets of \$2,131.9 million. This plan was therefore 91.0% funded on an actuarial basis, using the assumptions disclosed in this note.

**d) Change in Pension Liability**

The components of the change in pension liability are disclosed in the following table:

<u>Plan</u>	(millions)					
	<u>Employers Share of Pension Benefits Earned</u>	<u>Pension Interest</u>	<u>Amortization of Adjustments</u>	<u>Total Pension Expense</u>	<u>Employer Pension Contribution</u>	<u>Increase (Decrease) in Pension Liability</u>
Public Service	\$15.9	\$(2.0)	\$(33.3)	\$(19.4)	\$53.4	\$(72.8)
Teachers'	28.4	18.1	(39.0)	7.5	80.2	(72.7)
Judges'	0.6	1.0	---	1.6	2.0	(0.4)
Members'	0.6	2.2	---	2.8	1.7	1.1
Hospitals - C.U.P.E.	2.7	(3.1)	0.4	---	---	---
Schools - Management	0.2	(0.3)	(3.2)	(3.3)	0.3	(3.6)
Schools - G.L.T.&S.	1.6	(1.6)	1.2	1.2	1.9	(0.7)
Schools - S. & C.	0.3	(0.4)	(0.1)	(0.2)	0.4	(0.6)
Ombudsman	0.2	---	---	0.2	0.2	---
Hospitals - Certain	8.3	---	---	8.3	8.3	---
Part Time	1.1	---	---	1.1	1.1	---
Early Retirement	<u>18.8</u>	<u>3.6</u>	<u>(4.0)</u>	<u>18.4</u>	<u>3.3</u>	<u>15.1</u>
	<u>\$78.7</u>	<u>\$17.5</u>	<u>\$(78.0)</u>	<u>\$18.2</u>	<u>\$152.8</u>	<u>\$(134.6)</u>

Total pension benefits of \$173.8 million were earned by employees during the fiscal year. Employees contributed \$82.2 million toward these benefits. The value of pension benefits charged to agencies was \$12.9 million. The employers' share of pension benefits earned was \$78.7 million.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**e) Experience Gains and Losses**

Experience gains or losses are amortized to pension expense over the estimated average remaining service life of active contributors. The following table summarizes the experience gains or losses for each plan:

<u>Plan</u>	Estimated Average Remaining Service Life of Active Contributors (years)	(millions)			
		31 March 1996 Unamortized Experience Gains (Losses)	New Experience Gains (Losses)	Amortization of Experience (Gains) Losses	31 March 1997 Unamortized Experience Gains (Losses)
Public Service	16.0	\$ 290.9	\$73.2	\$(26.6)	\$337.5
Teachers'	15.0	388.0	77.4	(37.3)	428.1
Judges'	11.0	0.2	0.1	---	0.3
Hospitals - C.U.P.E.	16.0	46.4	15.3	(4.1)	57.6
Schools - G.L.T.&S.	17.0	16.7	5.1	(1.4)	20.4
Schools - S.&C.	21.0	0.9	0.7	(0.1)	1.5
Schools - Management	21.0	<u>1.3</u>	<u>0.6</u>	<u>(1.9)</u>	<u>---</u>
		<u>\$ 744.4</u>	<u>\$172.4</u>	<u>\$(71.4)</u>	<u>\$845.4</u>

**f) Changes to Actuarial Assumptions**

Changes to actuarial assumptions are being amortized to pension expense over the estimated average remaining service life of active contributors. During the year ended 31 March 1997 the interest rate assumption used for the Early Retirement program was changed from 6.08% to 8.16%. Because this program is unfunded, interest is accrued at the Province's borrowing rate. The following table summarizes the value of estimation adjustments arising from changes to actuarial assumptions for each plan:

<u>Plan</u>	Estimated Average Remaining Service Life of Active Contributors (years)	(millions)			
		31 March 1996 Unamortized Value of Changes to Assumptions	Value of New Changes to Assumptions	Amortization of Changes to Assumptions	31 March 1997 Unamortized Value of Changes to Assumptions
Public Service	16.0	\$ 91.8	\$ ---	\$(6.7)	\$ 85.1
Teachers'	15.0	130.3	---	(10.1)	120.2
Hospitals - C.U.P.E.	16.0	19.4	---	(1.4)	18.0
Schools - G.L.T.& S.	17.0	11.4	---	(0.7)	10.7
Schools - S. & C.	21.0	3.0	---	(0.2)	2.8
Schools - Management	21.0	1.3	---	(1.3)	---
Early Retirement	1.0	<u>---</u>	<u>4.0</u>	<u>(4.0)</u>	<u>---</u>
		<u>\$257.2</u>	<u>\$ 4.0</u>	<u>\$(24.4)</u>	<u>\$236.8</u>



NOTES TO THE FINANCIAL STATEMENTS  
31 March 1997

g) Amendments to Pension Plan Provisions

Amendments made to the various pension plans are being amortized to pension expense over the term of the related collective agreements, if any. If there is not a related collective agreement, the value of the amendment is immediately reflected in revenue or expenditure.

(millions)				
<u>Plan</u>	<u>Amortization Period (years)</u>	31 March 1996 <u>Unamortized Plan Amendments</u>	<u>Amortization of Plan Amendments</u>	31 March 1997 <u>Unamortized Plan Amendments</u>
Teachers'	2.4	\$ (12.0)	\$8.4	\$ (3.6)
Hospitals - C.U.P.E.	3.5	(19.1)	5.9	(13.2)
Schools - G.L.T.&S.	4.0	(6.6)	3.3	(3.3)
Schools - S. & C.	3.0	<u>(0.2)</u>	<u>0.2</u>	<u>---</u>
		<u>\$ (37.9)</u>	<u>\$17.8</u>	<u>\$(20.1)</u>

h) Actuarial Assumptions

Calculation of the Province's employee pension obligations and related pension expenditure is based on long and short term actuarial assumptions except the Judges' Plan where only long term assumptions are used. The short term period spans the years 1997 to 2001 and the long term covers the years thereafter.

The tables below disclose the long term assumptions and the range of short term assumptions used in the actuarial valuations.

Long Term Assumptions

<u>Plan</u>	<u>Rate of Return on Assets</u>	<u>Annual Wage and Salary Increase</u>	<u>Inflation</u>	<u>Rate of Pension Escalation after Retirement</u>
Public Service	8.16%	4.75% plus promotional increase between 0.20% and 1.00%	4.0%	3.7%
Teachers'	8.16%	4.75% plus promotional increase between 0.25% and 1.50%	4.0%	3.6%
Judges'	8.16%	5.25%	4.5%	4.0%
Hospitals - C.U.P.E.	8.16%	4.75%	4.0%	2.0%
Schools - Management	8.16%	4.75%	4.0%	2.0%
Schools - G.L.T.&S.	8.16%	4.75%	4.0%	2.0%
Schools - S.&C.	8.16%	4.75%	4.0%	2.0%
Members'	8.16%	4.75%	4.0%	4.0%

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**Short Term Assumptions**

<b><u>Plan</u></b>	<b><u>Rate of Return on Assets</u></b>	<b><u>Annual Wage and Salary Increase</u></b>	<b><u>Inflation</u></b>	<b><u>Rate of Pension Escalation after Retirement</u></b>
Public Service	6.08% to 7.64%	2.0% to 4.0%	2.0% to 4.0%	2.0% to 3.5%
Teachers'	6.08% to 7.64%	1.5% to 4.0%	2.0% to 4.0%	2.0% to 3.5%
Judges'	8.16%	5.25%	4.5%	4.0%
Hospitals - C.U.P.E.	6.08% to 7.64%	1.5% to 4.0%	2.0% to 3.5%	2.0%
Schools - Management	6.08% to 7.64%	1.5% to 4.0%	2.0% to 3.5%	2.0%
Schools - G.L.T.&S.	6.08% to 7.64%	1.0% to 4.0%	2.0% to 3.5%	2.0%
Schools - S.&C.	6.08% to 7.64%	0.5% to 4.0%	2.0% to 3.5%	2.0%
Members'	6.08% to 7.64%	0.0% to 4.0%	2.0% to 3.5%	2.0% to 3.5%

These assumptions have been used to determine the amount of the Province's obligation for pension benefits outstanding and the value of benefits earned by employees during the fiscal year. Different assumptions have been used to determine the appropriate level of employee and employer contributions needed to finance the estimated ultimate cost of the pension plans.

**i) Member Data**

The following table lists data about the members of each plan.

<b><u>Plan</u></b>	<b><u>Number of Active Contributors</u></b>	<b><u>Number of Pensioners</u></b>	<b><u>Average Annual Salary of Contributors</u></b>	<b><u>Average Annual Pension</u></b>
Public Service	15,516	7,269	\$ 40,285	\$ 12,068
Teachers'	8,064	4,489	42,966	20,416
Judges'	25	25	99,296	38,480
Hospitals - C.U.P.E.	3,929	1,260	23,234	3,309
Schools - Management	---	55	---	5,491
Schools - G.L.T. & S.	1,972	790	22,138	4,213
Schools - S.&C.	516	90	19,494	2,428
Members'	55	73	36,205	26,102

Ministers earn an additional average salary of \$29,549.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 14 CONTINGENT LIABILITIES**

**a) Guaranteed Loans**

The Province has guaranteed certain debt of entities external to the Provincial Reporting Entity under the authority of various statutes. At 31 March 1997, the total contingent liability in respect of these guarantees (including applicable accrued interest) was \$81.2 million (\$78.4 million 1996), of which the Province has recognized \$10.4 million as a liability in the Statement of Financial Position (\$8.8 million 1996).

	(millions)	
	<u>Authorized Limit</u>	<u>Contingent Liability</u>
Agricultural Development Act	\$ 1.4	\$ 1.1
Economic Development Act	70.3	62.1
Employment Development Act	3.9	3.5
Farm Machinery Loans Act	0.3	0.1
Fisheries Development Act	2.2	1.7
Livestock Incentives Act	3.1	0.8
Nursing Homes Act	10.3	10.3
Regional Development Corporation Act	1.6	<u>1.6</u>
		81.2
Less: Allowance for Losses on Guaranteed Loans		<u>10.4</u>
		<u>\$70.8</u>

**b) Environmental Responsibility**

The Province of New Brunswick has an agreement with a mining company to limit the liability of the company to \$3.0 million for environmental damages that occurred prior to the company commencing mining at a specified site. The cost to clean up the major problem area of this site has been estimated at \$3.0 million. A reclamation plan exists to accomplish this clean up during mining operations. The Province currently holds a performance bond from the company in the amount of \$1.3 million.

N.B. Coal (a wholly owned subsidiary of New Brunswick Power Corporation) has an environmental responsibility to treat acidic water drainage from an inactive mine. Cost of treatment for the fiscal year ended 31 March 1997 was \$0.5 million (\$0.8 million 1996).

The Province of New Brunswick is committed to assisting municipalities with the closure and remediation of local dumps and landfills in the Province. This is an ongoing initiative which is expected to take several years to complete. In the year ended 31 March 1997, the Province spent \$4.5 million on dump closures. The estimated Provincial share of the remaining costs of this cleanup is \$15.5 million (\$16.8 million in 1996).

The Province is also responsible to close dumps located in Local Service Districts. This is being completed over several years. Closure costs in the year ended 31 March 1997 totalled \$0.3 million. The cost to close the remaining dumps is estimated between \$1.5 and \$2.5 million.

**c) Insurance**

The Province does not carry general liability insurance or property insurance on its assets except in a few limited instances. Any successful liability claims against the Province and any replacement of lost or damaged property are charged to expenditure in the year of settlement or replacement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 15 COMMITMENTS**

**a) Operating Leases**

The total future minimum payments under various operating lease agreements, including those of government enterprises, for the rental of space and equipment amounts to \$302.7 million. Minimum annual lease payments in each of the next five years are as follows:

	<b>(millions)</b>
1997-1998	\$ 34.1
1998-1999	31.8
1999-2000	29.4
2000-2001	25.4
2001-2002	23.5

**b) Nursing Homes**

The Department of Health and Community Services includes in its annual operating budget funding for the repayment of approved long term debt of certain nursing homes. The Department funds the nursing homes through grants which pay the difference between operating expenses and revenue from other sources. On average, revenue from other sources covers approximately 30% of operating costs.

Total long term debt of these nursing homes at 31 March 1997 amounted to approximately \$77.1 million (\$79.4 million 1996). Of the \$77.1 million nursing home debt, the Province has issued guarantees totalling approximately \$10.3 million (\$11.8 million 1996) which is included as a contingent liability.

**c) Authorized Capital Projects**

The 31 March 1997 estimated amount required to complete authorized major construction projects of schools, hospitals, other buildings, roads and bridges, and to meet capital grant obligations is \$150.9 million (\$205.8 million 1996). This includes projects that will be cost shared with the Government of Canada. Most of these projects are expected to be completed within three years.

**d) Other Commitments**

Human Resources Development - New Brunswick

The Province, through the Department of Human Resources Development - New Brunswick, has entered into a public-private partnership with Andersen Consulting to develop and implement business processes which make use of information technology. This arrangement is expected to result in cost savings for the Province. Andersen Consulting will be repaid for their investment in this project only if adequate savings are realized. The total repayable project investment by Andersen Consulting is estimated to be \$15.4 million plus financing charges.

The first phase of the project will be completed during the fiscal year ended 31 March 1998. Sufficient benefits needed to repay Andersen Consulting are expected to accrue over a five year period starting 1 April 1997. Operation and maintenance of the technology used in this project will be contracted separately.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

Fredericton-Moncton Highway

In March 1997, the Province, through the New Brunswick Highway Corporation issued a request for proposals for the development of a four lane highway between Moncton and Fredericton. The prospective proponents have been asked to submit proposals to develop, design, build, operate, manage, maintain and rehabilitate the proposed highway. The four lane highway will cover a distance of approximately 195 kilometers. It is expected to be financed by a combination of tolls paid by users and operating lease payments from the Province.

During the fiscal year ended 31 March 1997, the Province incurred pre-construction and construction costs on this project. The costs incurred will be recovered through the successful proponent. These costs, totaling \$38.9 million have been inventoried as Properties Held for Sale. The value of Properties Held for Sale also includes capitalized interest of \$4.6 million. Revenue in the amount of \$13.7 million has been deferred.

The Province expects to complete a contract with the successful proponent during the fiscal year ending 31 March 1998.

New Brunswick Youth Centre

On 19 June 1996 the Province entered into a development agreement with Wackenhut Corrections Canada Inc. and Miramichi Youth Centre Management Inc., as trustee of the New Brunswick Youth Centre Trust, to design, construct and finance, the New Brunswick Youth Centre in Miramichi, N.B.

The facility will be owned, operated and maintained by the trustee for the New Brunswick Youth Centre Trust. The Province will lease the facility for a period of twenty-five years commencing on 1 January 1998. The total principal and interest cost for this lease will be \$46.4 million. The Province will have the option, at the end of twenty-five years, to either purchase the facility at a cost of \$5.8 million or to renew the lease for an additional ten years. These amounts have not been included in the future minimum lease payments under operating leases described in Note 15(a).

Wackenhut Corrections Corporation is the sole shareholder of the trustee, Miramichi Youth Centre Management Inc.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 16 EXPENDITURE BY PRIMARY CLASSIFICATION**

The expenditures by primary classification are as follows:

	(millions)	
	<u>1997</u>	<u>1996</u>
Personal Services	\$ 495.8	\$509.3
Other Services	289.7	282.0
Materials and Supplies	117.6	118.9
Property and Equipment	266.0	278.1
Contributions, Grants and Subsidies to or on behalf of:		
School Districts	574.3	583.3
Hospitals	648.5	644.2
Municipalities and Local Service Districts	163.4	177.9
Individuals	699.3	683.0
Nursing Homes	98.0	100.7
Other	377.6	366.8
Debt and Other Charges	<u>614.9</u>	<u>630.9</u>
	<b><u>\$4,345.1</u></b>	<b><u>\$4,375.1</u></b>

Personal Services includes salaries and benefits of employees, and allowances paid to the members of the Legislative Assembly. Personal Services does not include salaries and benefits of employees of hospitals, school districts and other agencies, which are paid by those organizations. Funding provided to those organizations is recorded as Contributions, Grants and Subsidies.

Other Services includes the purchase of various services including rental of space, postage, advertising, professional services, Royal Canadian Mounted Police services and travel expenses.

Materials and Supplies includes the purchase of textbooks, office supplies, heating fuel, vehicle and equipment supplies and parts, and structural materials and supplies.

Property and Equipment includes the purchase and construction of buildings, roads, bridges, equipment, and office furniture.

Contributions, Grants and Subsidies includes payments to government corporations, agencies and boards, and to business entities and non-profit organizations. Contributions, Grants and Subsidies to or on behalf of individuals includes income assistance payments and medical service payments on behalf of individuals. The expenditures of former school boards have been reflected as Contributions, Grants and Subsidies. Effective 1 April 1997, the former school boards began using the Province's financial information system, and in future years, their expenditures will be properly allocated to all primary classifications.

Debt and Other Charges include the cost of servicing the public debt and bad debt expenses.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 17 TRUST FUNDS**

The Province is trustee for various trust funds outside the Provincial Reporting Entity.

The following is a summary of the trust fund equities calculated using the method indicated below to value investment assets:

	(millions)	
	<u>1997</u>	<u>1996</u>
<u>Cost Method:</u>		
Margaret R. Lynds Bequest	\$ 0.1	\$ 0.1
Mental Health Trust Fund	0.6	0.5
New Brunswick Power Corporation Sinking Fund	159.3	235.4
Viscount Bennett Bequest	<u>0.2</u>	<u>0.2</u>
	<u>\$ 160.2</u>	<u>\$ 236.2</u>
 <u>Market Value Method:</u>		
Judges' Superannuation Trust Fund	\$ 12.7	\$ 10.5
Pension Plan for the Management Employees of New Brunswick School Boards	16.3	14.7
Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Boards	116.6	105.1
Pension Plan for Secretarial and Clerical Employees of New Brunswick School Boards	19.4	17.1
Pension Plan for C.U.P.E. Employees of New Brunswick Hospitals	230.9	204.1
Public Service Superannuation Fund	2,201.4	1,986.0
Teachers' Pension Trust Fund	<u>2,131.9</u>	<u>1,919.6</u>
	<u>\$4,729.2</u>	<u>\$4,257.1</u>

The Margaret R. Lynds Bequest is used to award three annual scholarships of equal value to students pursuing the study of communications at specified universities. The Mental Health Trust Fund is used to pay for psychoanalysis treatment of deserving New Brunswick residents. The income from the Viscount Bennett Bequest is used to develop the Province's historic resources.

The New Brunswick Power Corporation Sinking Fund is held in trust under the authority of the Electric Power Act. New Brunswick Power Corporation makes payments to this sinking fund as required by the terms of any bond or debenture issues. These are retained and invested. The purpose of the fund is to repay the bonds or debentures when they mature.

NOTES TO THE FINANCIAL STATEMENTS  
31 March 1997

NOTE 18 CHANGE IN PROVINCIAL BORROWING

The Province's funded debt issued for Provincial purposes decreased \$58.1 million during the year (\$141.3 million in 1996), after deducting the value of the sinking fund. Bank Advances and Short Term Borrowing decreased by \$315.5 million (increased \$40.4 million in 1996). Total borrowing was therefore \$373.6 million less at 31 March 1997 than it was at 31 March 1996.

The following table shows how total borrowing decreased \$373.6 million.

	(millions)	
	<u>1997</u>	<u>1996</u>
Surplus	\$125.4	\$ 51.2
Decrease in Pension Liability	(134.6)	(104.3)
Increase in Deferred Revenue	374.0	18.7
Increase in Investments, Loans and Advances	(9.4)	(64.9)
Decrease (Increase) in Other Current Assets and Liabilities	<u>(35.2)</u>	<u>54.5</u>
Decrease (Increase) in Borrowing Before Foreign Exchange Adjustments	320.2	(44.8)
Foreign Exchange Adjustments	<u>53.4</u>	<u>145.7</u>
Decrease in Borrowing	<u>\$373.6</u>	<u>\$100.9</u>

The following changes in Other Current Assets and Liabilities had an affect on the Province's Working Capital position. In the table below, bracketed figures indicate an increase in Working Capital.

	(millions)	
	<u>1997</u>	<u>1996</u>
Accounts and Interest Receivable	\$ (18.2)	\$ (6.1)
Taxes Receivable	(28.8)	14.7
Inventories	(43.9)	(4.6)
Prepaid and Deferred Charges	(0.1)	13.0
Accounts Payable	12.6	24.1
Accrued Expenditures	(0.8)	(12.8)
Deposits Held in Trust	<u>5.9</u>	<u>0.8</u>
Decrease (Increase) in Working Capital	(73.3)	29.1
Increase in Allowance for Doubtful Accounts	35.9	28.2
Decrease (Increase) in Premiums and Discounts on Issue of Debt	<u>2.2</u>	<u>(2.8)</u>
Decrease (Increase) in Other Current Assets and Liabilities	<u>\$(35.2)</u>	<u>\$ 54.5</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

**NOTE 19 COMPARATIVE FIGURES**

Prior year figures have been restated because of the changes in accounting policy disclosed in note 2. Certain other figures for the prior year have also been restated to conform with the 1997 presentation of the financial statements.

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)	
	1997	1996
<b>SCHEDULE 1</b>		
<b>ACCOUNTS AND INTEREST RECEIVABLE</b>		
Accounts Receivable		
Canada - Conditional Grants		
Atlantic Freight Transition Program	\$ 6.4	\$ 7.0
Canada Assistance Plan	2.3	9.5
Canada Mortgage and Housing Corporation	28.9	30.1
Canada/New Brunswick Highway Improvement Program	1.2	2.1
Crop Insurance	1.2	1.5
Disaster Financial Assistance Program	4.2	3.9
Economic and Regional Development Agreement	10.4	10.2
Infrastructure Program	2.5	3.0
New Brunswick Works	0.7	1.3
Official Languages in Education Program	5.3	4.1
Strategic Highway Improvement Program	5.6	1.5
Vocational Rehabilitation of Disabled Persons	6.4	2.3
Other Agreements	5.6	3.7
Canada - Unconditional Grants		
Fiscal Equalization	21.2	9.2
Receivables of Government Departments		
Advanced Education and Labour	5.6	5.3
Economic Development and Tourism	3.2	2.4
Education	9.8	19.8
Finance	13.2	7.1
Health and Community Services	6.4	9.2
Human Resources Development - NB	15.4	12.2
Justice	9.2	8.6
Municipalities, Culture and Housing	61.3	56.1
Natural Resources and Energy	5.3	11.3
Supply and Services	4.1	4.3
Transportation	7.6	3.9
Other Departments	6.4	7.9
Guarantee Payouts	17.6	14.5
Working Capital Advances	7.6	7.3
Other	2.2	2.0
Interest Receivable		
Agricultural Development Act	0.4	0.2
Economic Development Act	3.6	2.7
Fisheries Development Act	17.8	17.0
Other	0.7	0.5
	299.3	281.7
Less: Allowance for Doubtful Accounts	52.4	44.8
	\$ 246.9	\$ 236.9

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)	
	1997	1996
<b>SCHEDULE 2</b>		
<b>TAXES RECEIVABLE</b>		
Gasoline and Motive Fuels Tax	\$ 13.9	\$ 13.0
Real Property Tax	295.7	283.6
Royalties and Stumpage on Timber	10.7	10.6
Social Services and Education Tax	83.9	80.0
Tobacco Tax	4.4	3.5
Other	0.3	0.3
	408.9	391.0
Less: Allowance for Doubtful Accounts	51.6	46.4
	\$ 357.3	\$ 344.6
 <b>SCHEDULE 3</b>		
<b>INVENTORIES</b>		
Construction and Maintenance Materials	\$ 10.2	\$ 12.2
Educational Textbooks	2.2	2.2
Machine Repair Parts	5.7	5.2
Properties Held for Sale	48.8	5.4
Stationery and Supplies	1.2	1.3
Veterinary Supplies	0.6	0.6
Other Supplies	3.3	1.2
	\$ 72.0	\$ 28.1
 <b>SCHEDULE 4</b>		
<b>PREPAID AND DEFERRED CHARGES</b>		
Unamortized Premiums, Discounts, and Issue Expenses on Debentures	\$ 42.3	\$ 44.5
Other	9.0	8.9
	\$ 51.3	\$ 53.4

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)					
	1997			1996		
	Amount	Allowance for Doubtful Accounts	Net	Amount	Allowance for Doubtful Accounts	Net
<b>SCHEDULE 5</b>						
<b>LOANS AND ADVANCES</b>						
Agriculture and Rural Development						
Agricultural Development Act	\$ 8.8	\$ 2.1	\$ 6.7	\$ 9.5	\$ 1.6	\$ 7.9
New Brunswick Crop Insurance Commission	6.5	5.7	0.8	6.1	5.1	1.0
Economic Development and Tourism						
Economic Development Act	80.4	15.6	64.8	68.4	9.6	58.8
Provincial Holdings Ltd.	27.1	14.3	12.8	26.9	13.0	13.9
Education						
Loans to Students	0.2	0.2	---	0.2	0.2	---
Environment						
Water and Sewerage Systems	0.5	---	0.5	0.5	---	0.5
Executive Council Office						
La Fondation du quotidien francophone	4.0	---	4.0	4.0	---	4.0
Finance						
Municipalities - Department of Regional Industrial Expansion Agreements	4.5	---	4.5	5.1	---	5.1
Fisheries and Aquaculture						
Fisheries Development Act	74.3	41.9	32.4	79.2	40.4	38.8
Health and Community Services						
Saint John Regional Laundry	1.6	---	1.6	2.1	---	2.1
Municipalities, Culture and Housing						
Loans to Municipalities	0.3	---	0.3	0.3	---	0.3
Other Loans	0.2	0.2	---	0.2	0.2	---
New Brunswick Housing Act	21.8	3.1	18.7	22.5	3.3	19.2
Regional Development Corporation						
Fundy Trail Trust	5.0	---	5.0	5.0	---	5.0
Supply and Services						
Other Loans	0.1	---	0.1	0.1	---	0.1
Transportation						
New Brunswick Transportation Authority	---	---	---	19.7	19.7	---
Unsatisfied Judgements	9.3	9.3	---	9.4	9.4	---
	<u>\$ 244.6</u>	<u>\$ 92.4</u>	<u>\$ 152.2</u>	<u>\$ 259.2</u>	<u>\$ 102.5</u>	<u>\$ 156.7</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)	
	1997	1996
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
Investment in Government Enterprises		
Lotteries Commission of New Brunswick	\$ 7.0	\$ 7.8
New Brunswick Liquor Corporation	10.0	11.9
New Brunswick Municipal Finance Corporation	0.7	0.7
New Brunswick Power Corporation	446.5	465.9
Workplace Health, Safety and Compensation Commission	6.0	(19.0)
	470.2	467.3
Other Long Term Investments	3.0	2.0
	\$ 473.2	\$ 469.3
<b>SCHEDULE 7</b>		
<b>BANK ADVANCES AND SHORT TERM BORROWING</b>		
Bank Overdrafts	\$ 57.3	\$ 71.3
Treasury Bill 0% Payable on Demand	1.0	1.0
Treasury Bills 3.00% - 3.43% Maturing 2 April 1997 - 17 July 1997	623.2	975.4
	681.5	1,047.7
Less:		
Cash	68.7	31.9
Short Term Investments	296.1	383.6
	364.8	415.5
	\$ 316.7	\$ 632.2

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)	
	1997	1996
<b>SCHEDULE 8</b>		
<b>ACCOUNTS PAYABLE</b>		
Accounts Payable for Goods and Services		
Advanced Education and Labour	\$ 4.7	\$ 9.3
Agriculture and Rural Development	4.5	2.6
Economic Development and Tourism	11.6	11.7
Education	15.0	19.9
Environment	2.5	4.4
Finance	11.1	10.0
General Government	0.3	7.5
Health and Community Services	71.2	61.5
Human Resources Development -NB	3.3	5.9
Maritime Provinces Higher Education Commission	8.4	9.3
Mental Health Commission	---	5.4
Municipalities, Culture and Housing	13.3	13.4
Natural Resources and Energy	3.5	2.1
Office of the Comptroller	6.6	5.3
Solicitor General	16.5	13.5
Supply and Services	13.1	12.1
Transportation	27.6	20.6
Other Departments	14.3	3.7
Due to Canada		
Department of Regional Industrial Expansion	4.7	5.6
Gross Revenue Insurance Program	---	0.6
Other Transfer Payments	---	0.7
Other Agreements	7.0	0.2
New Brunswick Housing Corporation - Third Parties	49.3	50.0
Other	1.1	1.7
	<u>\$ 289.6</u>	<u>\$ 277.0</u>
<b>SCHEDULE 9</b>		
<b>ACCRUED EXPENDITURES</b>		
Accrued Interest		
Funded Debt	\$ 149.4	\$ 154.0
Outstanding Treasury Bills	2.5	6.8
Other	0.9	0.9
	152.8	161.7
Accrued Salaries Payable	20.8	12.1
Health and Community Services	20.7	22.7
Holdbacks on Contracts	8.4	9.9
Land Expropriation	1.2	1.3
Other	4.1	1.1
	<u>\$ 208.0</u>	<u>\$ 208.8</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)	
	1997	1996
<b>SCHEDULE 10</b>		
<b>ALLOWANCE FOR LOSSES ON GUARANTEED LOANS</b>		
Advanced Education and Labour	\$ 3.5	\$ 3.1
Agriculture and Rural Development	0.1	0.1
Economic Development and Tourism	6.8	5.6
	\$ 10.4	\$ 8.8
 <b>SCHEDULE 11</b>		
<b>DEFERRED REVENUE</b>		
Harmonized Sales Tax Adjustment Assistance	\$ 364.0	\$ ---
Highway Improvement Recoveries	13.7	---
Motor Vehicle and Operators' Licenses	30.6	31.3
Real Property Taxes	180.7	183.2
Redevelopment of the Miramichi Region - Grant	8.6	10.3
Renovation of Old Government House - Grant	4.1	4.0
Other	5.4	4.3
	\$ 607.1	\$ 233.1
 <b>SCHEDULE 12</b>		
<b>DEPOSITS HELD IN TRUST</b>		
Administrator of Estates of Patients in Psychiatric Facilities	\$ 0.5	\$ 0.6
Contractors' Deposits	0.8	0.9
Court of Queen's Bench	2.1	2.2
Scholarship Trusts	1.4	---
Mining Licenses - Non-Performance Renewal Fees	1.9	2.0
Employee Contributions for Early Retirement Benefits	4.3	---
New Brunswick Reinsurance Account	0.3	---
Sale of Property for Taxes	0.7	0.7
Tenants' Security Deposits	7.9	7.7
Other	1.1	1.0
	\$ 21.0	\$ 15.1

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)		
	<u>1997 Budget</u>	<u>1997 Actual</u>	<u>1996 Actual</u>
<b>SCHEDULE 13</b>			
<b>TAXES ON CONSUMPTION</b>			
Gasoline and Motive Fuels Tax	\$ 168.0	\$ 165.3	\$ 162.9
Social Services and Education Tax	752.0	729.1	732.2
Tobacco Tax	37.0	40.9	38.1
Other	1.9	2.2	2.2
	<u>\$ 958.9</u>	<u>\$ 937.5</u>	<u>\$ 935.4</u>
<b>SCHEDULE 14</b>			
<b>TAXES ON INCOME</b>			
Corporate Income Tax	\$ 120.0	\$ 236.6	\$ 113.7
Mining	6.0	3.9	9.6
Personal Income Tax	814.0	825.2	787.0
	<u>\$ 940.0</u>	<u>\$ 1,065.7</u>	<u>\$ 910.3</u>
<b>SCHEDULE 15</b>			
<b>OTHER TAXES</b>			
Financial Corporation Capital Tax	\$ 9.4	\$ 8.2	\$ 8.7
Insurance Premium Tax	24.5	24.7	22.8
Other	2.7	2.9	2.5
	<u>\$ 36.6</u>	<u>\$ 35.8</u>	<u>\$ 34.0</u>
<b>SCHEDULE 16</b>			
<b>LICENSES AND PERMITS</b>			
Angling Licenses	\$ 1.2	\$ 1.2	\$ 1.1
Corporations - Annual Filing Fees	1.7	1.7	1.7
Corporations - Letters Patent	1.1	1.0	1.0
Hunting Licenses	2.6	2.4	2.4
Liquor Licensing Board	5.2	5.0	5.4
Motor Vehicle Licenses	71.7	70.7	70.5
Other	8.0	8.7	8.0
	<u>\$ 91.5</u>	<u>\$ 90.7</u>	<u>\$ 90.1</u>
<b>SCHEDULE 17</b>			
<b>ROYALTIES</b>			
Forest	\$ 43.3	\$ 43.5	\$ 36.8
Mines	13.5	14.4	13.9
	<u>\$ 56.8</u>	<u>\$ 57.9</u>	<u>\$ 50.7</u>



**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)		
	<u>1997 Budget</u>	<u>1997 Actual</u>	<u>1996 Actual</u>
<b>SCHEDULE 18</b>			
<b>INVESTMENT INCOME</b>			
Lottery Revenues	\$ 84.8	\$ 85.8	\$ 81.4
New Brunswick Liquor Corporation	83.4	83.4	82.4
New Brunswick Power Corporation	32.5	( 19.4)	8.2
Workplace Health, Safety and Compensation Commission	21.2	25.1	43.5
Other Investment Income	17.6	24.5	22.1
	<u>\$ 239.5</u>	<u>\$ 199.4</u>	<u>\$ 237.6</u>
<b>SCHEDULE 19</b>			
<b>OTHER PROVINCIAL REVENUE</b>			
Sales of Goods and Services	\$ 94.9	\$ 111.2	\$ 99.8
Other Revenue	78.3	25.8	24.9
	<u>\$ 173.2</u>	<u>\$ 137.0</u>	<u>\$ 124.7</u>
<b>SCHEDULE 20</b>			
<b>CONDITIONAL GRANTS - CANADA</b>			
Vocational Treatment and Rehabilitation of Disabled Persons	\$ 3.2	\$ 3.3	\$ 3.0
Canada Assistance Plan	---	7.3	205.2
Canada Mortgage and Housing Corporation	25.8	25.3	26.0
Canadian Job Strategy - Job Entry	3.0	1.1	1.6
Economic Development	24.7	20.2	26.5
Highway Improvements	108.0	83.8	94.9
Infrastructure Program	11.5	11.2	17.0
Job Corps	8.4	8.2	8.5
Labour Force Development Agreement	4.0	1.1	5.4
New Brunswick Works	4.3	3.0	5.0
Official Languages in Education Agreement	14.0	14.5	16.1
Young Offenders Act	4.4	4.0	4.6
Other	14.7	23.1	15.4
	<u>\$ 226.0</u>	<u>\$ 206.1</u>	<u>\$ 429.2</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)		
	<u>1997 Budget</u>	<u>1997 Actual</u>	<u>1996 Actual</u>
<b>SCHEDULE 21</b>			
<b>EDUCATION</b>			
Advanced Education and Labour	\$ 155.3	\$ 150.7	\$ 144.9
Education	624.6	629.3	614.5
General Government	25.1	8.2	28.4
Maritime Provinces Higher Education Commission	167.9	167.9	159.4
Supply and Services	23.5	23.2	22.6
	<u>\$ 996.4</u>	<u>\$ 979.3</u>	<u>\$ 969.8</u>
<b>SCHEDULE 22</b>			
<b>HEALTH</b>			
General Government	\$ ---	\$ ---	\$ 5.2
Health and Community Services	1,287.3	1,284.0	1,262.6
Supply and Services	29.4	32.6	41.2
	<u>\$ 1,316.7</u>	<u>\$ 1,316.6</u>	<u>\$ 1,309.0</u>
<b>SCHEDULE 23</b>			
<b>INCOME ASSISTANCE</b>			
General Government	\$ 1.9	\$ 3.1	\$ 1.7
Human Resources Development - NB	289.9	296.7	294.5
	<u>\$ 291.8</u>	<u>\$ 299.8</u>	<u>\$ 296.2</u>
<b>SCHEDULE 24</b>			
<b>JUSTICE</b>			
Justice	\$ 27.2	\$ 28.3	\$ 26.6
Solicitor General	70.4	76.2	73.7
Supply and Services	0.2	0.1	---
General Government	---	1.0	---
	<u>\$ 97.8</u>	<u>\$ 105.6</u>	<u>\$ 100.3</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**31 March 1997**

	(millions)		
	<u>1997</u> <u>Budget</u>	<u>1997</u> <u>Actual</u>	<u>1996</u> <u>Actual</u>
<b>SCHEDULE 25</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Agriculture and Rural Development	\$ 23.5	\$ 25.9	\$ 22.1
Economic Development and Tourism	34.4	34.7	25.8
Environment	30.0	33.0	32.8
Fisheries and Aquaculture	11.3	11.1	10.9
General Government	34.5	38.2	38.4
Natural Resources and Energy	70.5	71.9	71.3
Regional Development Corporation	82.7	67.2	76.5
Regional Development Corporation - Special Operating Agency	23.0	33.6	34.9
Supply and Services	1.0	10.6	9.1
	<u>\$ 310.9</u>	<u>\$ 326.2</u>	<u>\$ 321.8</u>
<b>SCHEDULE 26</b>			
<b>MUNICIPAL AFFAIRS</b>			
General Government	\$ 0.7	\$ 0.2	\$ 0.2
Municipalities, Culture and Housing	204.7	204.1	208.2
Supply and Services	0.3	0.3	0.1
	<u>\$ 205.7</u>	<u>\$ 204.6</u>	<u>\$ 208.5</u>
<b>SCHEDULE 27</b>			
<b>TRANSPORTATION</b>			
General Government	\$ 0.3	\$ ---	\$ ---
Supply and Services	---	---	0.5
Transportation	441.7	394.6	407.0
	<u>\$ 442.0</u>	<u>\$ 394.6</u>	<u>\$ 407.5</u>
<b>SCHEDULE 28</b>			
<b>CENTRAL GOVERNMENT</b>			
Executive Council	\$ 3.1	\$ 2.8	\$ 3.0
Finance	22.2	18.4	17.0
General Government	57.7	27.8	41.1
Intergovernmental Affairs	1.3	1.3	1.0
Legislative Assembly	10.0	10.1	10.9
New Brunswick Investment Management Corporation	---	2.7	0.6
Office of the Comptroller	5.0	5.0	4.6
Office of the Premier	1.2	1.2	1.0
Supply and Services	87.2	84.7	87.8
	<u>\$ 187.7</u>	<u>\$ 154.0</u>	<u>\$ 167.0</u>