

GOAL 19: NET-DEBT-TO-GDP RATIO

NEW BRUNSWICK SHOULD BOOST THE PROVINCIAL ECONOMY BY LOWERING ITS NET DEBT-TO-GDP RATIO TO BELOW 30%.

● STATUS: PROGRESSING



Overview

Problem

New Brunswick's net debt-to-GDP ratio increased from 15.9% in 1981 to a high of 40.9% in 2016. An increasing ratio indicates that the province's net debt is growing faster than the economy, which reduces the financial sustainability of the provincial government.

Cause

The most recent cause for an increase in the net debt-to-GDP ratio was the 2008 recession. The ratio was on a downward trend before and was actually below the goal of 30% or less, but after the recession hit, it began increasing steadily up to the 40.9% peak in 2016.

Importance

A decreasing net debt-to-GDP ratio means that the economy is growing faster than debt is accumulating.

Recommendation

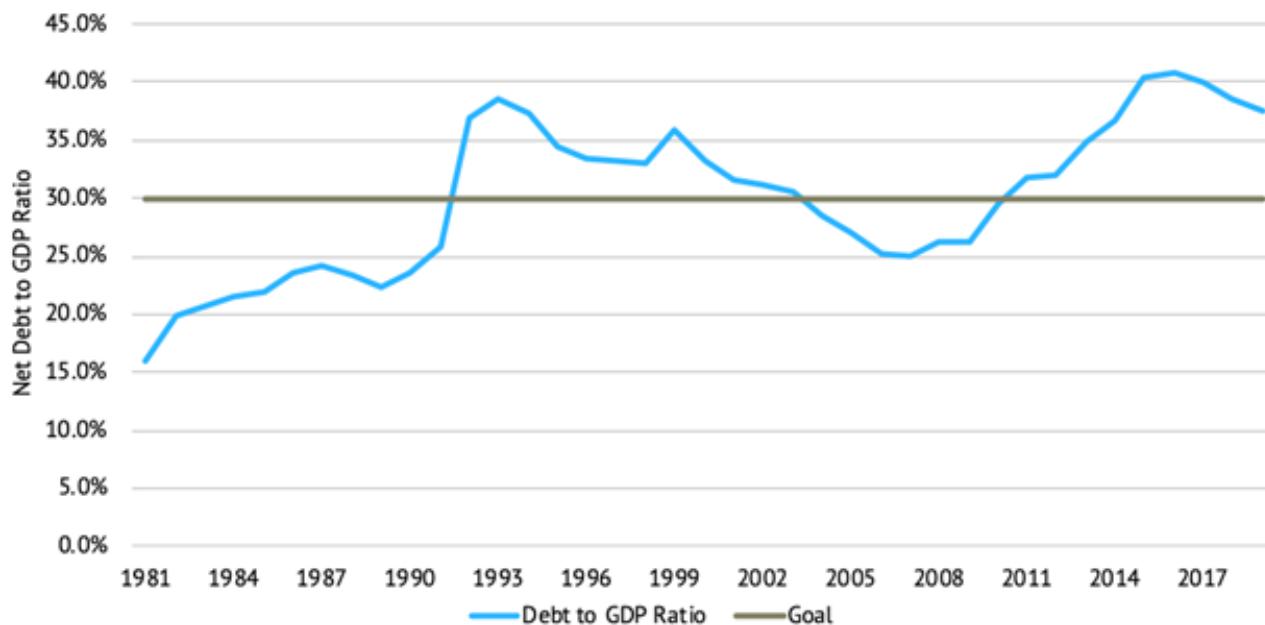
Considering the net debt-to-GDP ratio has been decreasing since 2016, the goal is for it to continue decreasing. If New Brunswick maintains the same rate of decrease (~1.17% per year for the past 3 years), it could be able to reach the goal of below 30% by 2028.

In the Numbers

New Brunswick Net-Debt-to-GDP

While New Brunswick's net debt-to-GDP ratio has seen an overall upward trend since 1981, it has experienced periods of fluctuation, decreasing enough to meet the standards of the suggested goal (30% or less) between 2004 and 2009. If the ratio undergoes a similar period of fluctuation, it is possible that New Brunswick could achieve a ratio of 30% or less by 2028. As the net debt-to-GDP ratio in 2017 and 2018 was showing significant decrease, New Brunswick is currently making progress towards reaching this target.

Figure 1: New Brunswick's Net Debt-to-GDP Ratio



(See full data set in Appendix A)

Summary

The net debt-to-GDP ratio has been decreasing most recently but still holds above the initial goal of 30%. Therefore, this goal is progressing. Reducing the net debt-to-GDP ratio is important in all jurisdictions, and especially for New Brunswick, as its ratio peaked over 40% recently (and that is only including by-the-books debt).

*Note: The COVID-19 pandemic occurred in 2020. Due to our use of open source data is it unclear what the concluding result of this goal is as our dataset only reached 2019.

Appendix A

Population and Immigration Share

Year	Net debt-to-GDP ratio	Goal
1981	15.9%	30%
1982	19.9%	30%
1983	20.6%	30%
1984	21.4%	30%
1985	22.0%	30%
1986	23.6%	30%
1987	24.3%	30%
1988	23.3%	30%
1989	22.4%	30%
1990	23.5%	30%
1991	25.9%	30%
1992	36.8%	30%
1993	38.5%	30%
1994	37.3%	30%
1995	34.4%	30%
1996	33.5%	30%
1997	33.3%	30%
1998	33.0%	30%
1999	35.8%	30%
2000	33.2%	30%
2001	31.5%	30%
2002	31.2%	30%
2003	30.6%	30%
2004	28.4%	30%
2005	27.0%	30%
2006	25.1%	30%
2007	25.0%	30%
2008	26.2%	30%
2009	26.2%	30%
2010	29.6%	30%
2011	31.8%	30%
2012	31.9%	30%
2013	34.8%	30%
2014	36.6%	30%
2015	40.5%	30%
2016	40.9%	30%
2017	40.0%	30%
2018	38.6%	30%
2019	37.4%	30%

Source: Public Accounts of New Brunswick (For 2004-05: 2005 Budget). Contribution to/from Fiscal Stabilization Fund; Public Accounts of New Brunswick (for 2017-18: 2018 Budget)