

Capital Estimates 2015-2016

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Province of New Brunswick

Mr. Speaker, in the 2014 provincial election, our government made a commitment to increase the amount that New Brunswick invests in its infrastructure.

In the history of professional politics, you would be hard-pressed to find a more boring campaign promise. But it would be equally difficult to find one as important or timely.

During these sluggish economic times, jurisdictions the world-over are choosing to invest now in their public infrastructure. In its October 2014 World Economic Outlook, the International Monetary Fund noted that with continued economic weakness and interest rates at historic lows, now is a good time to invest in our assets.

These strategic investments will kick-start our economy in the short-term, something we all know it desperately needs.

As we take the time that's needed to build the conditions that will lead to more jobs in the future, today's investments in infrastructure will help create jobs now.

Mr. Speaker, I am pleased to rise in the House today to table the 2015-2016 capital estimates.

The 2015-2016 capital budget invests \$597.1 million in supporting the much-needed maintenance of a number of existing provincial assets across the province. It also moves us another step closer to the completion of previously started projects and will lead to a number of new projects being started.

Beyond these important repairs and follow-ups, today's capital budget strategically allocates funds to a number of new priority projects – projects that will help us create jobs, realize efficiencies and provide a better quality of life for New Brunswick families.

Investing in Jobs

Mr. Speaker, the Strategic Infrastructure Initiative is a new component of this year's capital budget. This special infrastructure investment initiative was a key commitment in our election platform. Its purpose is two-fold: first,

to provide stimulus that will create jobs in the short-term and, second, to begin building the strategic infrastructure that will help us create even more jobs in the long-term.

And with strategic investments must come a calculated and rigorous decision-making framework. A consistent set of criteria will be used in evaluating projects under the Strategic Infrastructure Initiative. Projects will be required to demonstrate their ability to create jobs, leverage funds through outside partners and generate lasting economic activity. In addition, projects that focus on government assets must also comply with asset management methodologies and principles and generate ongoing savings and efficiencies on behalf of New Brunswickers.

Funds allocated under this initiative are intended to act as a bridge – a bridge to other job-creation projects that are on our horizon, like the Energy East pipeline and the Sisson Mine. But the initiative is also a bridge to a better economic landscape, one that features better education and skills-training, a more nimble, effective and coordinated economic development process and the increased use of technology and innovation.

Over the next four years almost \$600 million will be invested through this new initiative. It will take a two-pronged approach by investing not only in government assets, but also in strategic infrastructure projects around the province. We will invest in opportunities that demonstrate their ability to increase our provincial exports, opportunities that focus on innovation and research and development, as well as opportunities that leverage new technologies.

For 2015-2016, \$114.6 million will be invested through the Strategic Infrastructure Initiative on a number of strategic assets around the province. Should opportunities arise to leverage funds from other sources, we could see investments above this initial level.

The majority of this funding will be invested in the rehabilitation of our roads, bridges and on improving energy efficiency. This initial level of spending reflects the time it takes to complete planning, design and permitting work. As these projects enter the construction phase, the pace and level of spending will increase in 2016-2017 and beyond.

The portion of the Strategic Infrastructure Initiative that focuses on new strategic projects will be unveiled over the coming months.

Mr. Speaker, creating more jobs is the priority of New Brunswickers and of our government and I am pleased to note that today's well thought out investments will provide much-needed stimulus to our economy.

The Strategic Infrastructure Initiative provides support to New Brunswickers by creating upwards of 1,200 jobs in 2015-2016, rising to 1,750 jobs annually over the 2016-2017 to 2018-2019 periods. Furthermore, this will add an estimated \$85 million to our Gross Domestic Product (GDP) in 2015-2016 and contribute an average of \$120 million annually in GDP over the subsequent three years. Projects that are successful in attracting funding from other sources have the potential to increase these totals even further and maintain much needed jobs well beyond the construction period.

In addition to the stimulus provided by the Strategic Infrastructure Initiative, the \$482.4 million that supports the maintenance and completion of existing projects will contribute an estimated \$360 million to provincial GDP and maintain in excess of 5,200 jobs across the province.

Smart Planning

Well-maintained schools, hospitals, bridges and roads play an important role in supporting economic and social outcomes in New Brunswick. Investments in recent years, however, have not kept pace with the demands placed on our public infrastructure.

The Auditor General has noted that if additional investments are not made now, the costs will become much higher as we continue to delay badly-needed repairs.

New Brunswickers know and understand this. They recognize that strategically allocating funding on upkeep and repairs today can prevent spending thousands of dollars for major repairs tomorrow.

Mr. Speaker, these are common-sense principles that also apply in our daily lives. If we could, how many of us would go back in time to make

small repairs to our home or car – repairs that would have saved us hundreds or even thousands of dollars down the road?

This principle will guide our long-term planning related to infrastructure maintenance and repair.

Today's budget also acts on our platform commitment to develop a multi-year infrastructure spending plan based on evidence and guided by expertise. It does so by providing estimates not only for 2015-2016, but by projecting capital investments that will be made through to 2018-2019.

We recognize the need to plan over the longer-term as well. Work has already begun towards developing a 10-year capital infrastructure plan.

By taking a longer and more strategic view in maintaining our capital assets we can make timely investments that ultimately lead to improved assets and lower costs. This approach will lead us to sustainable levels of funding and provide residents, businesses and other stakeholders with greater certainty with respect to capital spending levels.

Going forward, our capital plan will continue to focus on infrastructure investments that create more jobs, that save money in the long term and that make life better for New Brunswickers.

Preserving and strengthening our most crucial assets

Mr. Speaker, I have already mentioned that it is top of mind for our government to allocate funds under the new Strategic Infrastructure Initiative for the long-term benefit of New Brunswickers and the province's bottom line. In this capital budget, we are investing in our aging infrastructure, but we are also making strategic investments in new infrastructure within our fiscal, economic and demographic reality.

Our current fiscal situation says it all – we simply cannot afford to keep maintaining our aging infrastructure all the while adding to our asset count without a specific strategy. We must manage our assets smarter and bring them in line with the needs of our population.

One of our top priorities is getting our fiscal house in order, and it is with this priority in mind that we must look at every government infrastructure asset with a critical eye.

Our schools have long been an important resource in our communities. Healthy and safe schools create a learning environment that supports improved educational outcomes for our children.

I am pleased to announce that in 2015-2016, our government will invest a total of \$95.9 million in our K-12 infrastructure. This investment will see \$77.1 million for the continuation of a number of maintenance, construction and expansion projects that are currently underway or are in the planning stages. An additional \$18.8 million will be allocated through the Strategic Infrastructure Initiative for a number of priority projects around the province.

These investments will lead to operational savings by optimizing the number of schools that support our student population. Equally important, projects were selected for the first time using asset management principles and methodologies, ensuring that our decisions are made based on accountability, sound business principles and transparent guidelines, effectively reducing costs and prolonging infrastructure lifespans in the long run.

We also recognize the need to invest in our post-secondary institutions. A total of \$5.6 million will be invested in our university and community college infrastructure in 2015-2016.

Mr. Speaker, as our population ages we have seen the pressure on our health care system grow. This means that we need to plan our investments today to ensure that our health care infrastructure is well positioned to meet tomorrow's demands in the most efficient manner possible.

Today's budget includes a total of \$60.2 million for the maintenance and improvement of our health care infrastructure.

Our government also understands that a well-maintained transportation network is crucial to the efficient functioning of our economy and to the quality of life of New Brunswickers.

In each of her last two reports the Auditor General noted that current funding levels are not adequate to maintain our roads and bridges. She concluded that the result of deferring maintenance will lead to a greater overall cost to the province. Current estimates suggest that deferred maintenance to our roads and highways already costs New Brunswickers an extra \$28 million per year, an amount that will continue to increase if we don't act now.

In the Department of Transportation and Infrastructure, investment in priority projects and in the maintenance and repair of our existing infrastructure is estimated at \$409.5 million in 2015-2016. Mr. Speaker, I am happy to advise New Brunswickers that this level of investment will ensure that asset management is fully implemented as recommended by the Auditor General.

An increased investment of \$11.8 million will focus on energy retrofit and renewable energy projects within our public infrastructure, leading to local jobs for contractors and suppliers, long-term operational efficiencies and lower greenhouse gas emissions.

Conclusion

Mr. Speaker, our public infrastructure plays an important role in the everyday lives of New Brunswickers.

Our schools, hospitals, roads and public buildings are used by hundreds of thousands of New Brunswickers daily and contribute significantly to our economic well-being and overall quality of life. We have an obligation to ensure that our infrastructure is modern, safe and well-maintained.

By tabling the 2015-2016 capital budget, along with the multi-year plan, our government is meeting these obligations head on.

Today's capital plan outlines strategic priorities for the next several years, areas of priority investment that will help us achieve our goals to create jobs, manage our finances responsibly and support New Brunswick families.

Mr. Speaker, through this capital budget we are managing smarter by basing our priorities on objective criteria that will generate significant savings over time.

Through this capital budget, we are making investments that will help build a New Brunswick with more jobs, more opportunity and greater hope.

Mr. Speaker, with this capital budget, we are moving New Brunswick forward.

Thank you, Mr. Speaker.

MULTI-YEAR INFRASTRUCTURE PLAN

Thousands

\$

	2015-2016 Budget	2016-2017 Plan	2017-2018 Plan	2018-2019 Plan
Regular Capital Investments				
Agriculture, Aquaculture and Fisheries.....	900	500	500	500
Education and Early Childhood Development.....	77,111	64,603	28,287	20,805
Environment and Local Government.....	1,000	1,830	1,000	1,000
Health.....	58,900	66,400	78,100	102,900
Legislative Assembly.....	735	450	50	50
Natural Resources.....	1,510	-	-	-
Post-Secondary Education, Training and Labour...	5,600	4,200	4,000	4,000
Regional Development Corporation.....	5,668	2,707	1,600	-
Tourism, Heritage and Culture.....	1,437	1,000	1,000	1,000
Transportation and Infrastructure.....	329,578	357,282	318,396	337,147
New Projects.....	-	30,000	35,000	35,000
Total - Regular Capital Investments.....	482,439	528,972	467,933	502,402
Strategic Infrastructure Initiative				
Education and Early Childhood Development.....	16,250	57,860	44,720	11,700
Health.....	1,300	7,900	3,400	-
Regional Development Corporation.....	3,500	4,000	4,500	5,000
Tourism, Heritage and Culture.....	1,127	735	525	555
Transportation and Infrastructure.....	70,610	61,233	61,233	61,233
Energy Retrofit and Renewable Energy.....	11,840	13,840	13,840	11,340
New Strategic Projects.....	10,000	35,000	40,000	40,000
Total - Strategic Infrastructure Initiative*.....	114,627	180,568	168,218	129,828
Total - Capital Expenditures.....	597,066	709,540	636,151	632,230

* The four-year average of the Strategic Infrastructure Initiative is \$148.3 million.