

Capital Estimates 2017-2018

Hon. Cathy Rogers
Minister of Finance

Province of New Brunswick

Mr. Speaker, our government listens to New Brunswickers. They have told us that their priorities are jobs, education, and health care. Today we are building on the progress we have made over the last two years and we are staying true to these priorities, while also implementing our plan to restore balance to our finances. New Brunswickers can see that our government is delivering on these priorities as they are well reflected in this capital budget.

Our government has made it clear that we view strategic infrastructure investments as worthwhile. They create jobs, support ongoing economic activity, and provide needed infrastructure.

As stewards of the public infrastructure that New Brunswickers use on a daily basis, we take our responsibilities seriously. We have developed a multi-year plan that recognizes not only today's infrastructure priorities, but also considers tomorrow's needs. We have been consistent and strategic in our decision making by applying sound asset management principles, leveraging our investments with other funding partners, and maximizing economic activity in the Province.

Mr. Speaker, our plan is working. We have seen economic growth reach a 10-year high in 2015. Given this result and expectations among private sector forecasters for the next two years, the Province's economy is on track to more than triple the level of growth seen between 2007 and 2014.

We have seen upward momentum in our labour market in recent months, and we lead the country in average weekly earnings growth. We saw private sector investment improve for the first time in three years in 2015.

These achievements are thanks to the hard work of New Brunswickers and our economic growth plan – a plan that is built on the five pillars of people, capital, innovation, agility, and infrastructure. Our investments support our people, our businesses, and sustainable economic growth long after our capital projects are completed. This is why today's capital budget is so important.

Today's capital budget supports the recent momentum seen in our economy. Our government will be investing \$757.9 million in our public infrastructure in 2017-2018. Of this, \$29.9 million is recovered by contributions from other partners,

meaning the net cost to New Brunswickers is \$728.0 million. New investments total \$98.5 million, and \$659.4 million is earmarked for maintenance and the continuation of previously announced projects. This level of investment will contribute an estimated \$560 million in GDP and will support upwards of 8,300 jobs.

The capital investment plan that I am tabling today compares to the \$696.3 million announced in our three-year capital plan last fall. Thanks to the leveraging opportunities with new federal infrastructure projects, we are up by less than five per cent from the plan we presented last year, and we remain well within our means. This shows that we continue to implement a plan that strikes a balance between strategic investments and fiscal responsibility.

We are maximizing the value of our investments by leveraging federal funding on important highway infrastructure projects around the Province. The commitment we share with the Government of Canada to make strategic investments in infrastructure reflects our partnership, and our common objectives that will result in the betterment of our people and the economy. I am pleased to note this active involvement of the Government of Canada; their support in the order of \$135 million over the next three years allows us to move forward on a number of priority projects to boost the economy.

My cabinet colleagues will provide additional details when they present their departmental estimates for debate.

Mr. Speaker, a well-maintained network of public assets is central to the social and economic well-being of our Province. Whether young or old, urban or rural, a recent arrival or a long-time New Brunswicker, every resident of our Province uses our public infrastructure on a regular basis. Our schools, hospitals, government buildings, roads, and bridges all function to serve the daily needs of New Brunswickers.

A well-maintained network of public assets also supports the efficient functioning of our economy. Businesses are able to get their products to market efficiently,

compete locally and abroad, and consumers can better access the goods and services they need.

Health Care

Mr. Speaker, an efficient, well-functioning health care system plays a central role in the well-being of New Brunswickers. However, we are seeing increased strain being put on our health care infrastructure. Left unchecked, our ability to keep up with demand for health care services will be compromised. This could lead to deteriorating health outcomes and negatively impact the quality of life that New Brunswickers expect and deserve.

We are expected to protect the health care system and we are tackling these challenges head on. Our government will continue to make the necessary investments in our infrastructure to provide quality health care to New Brunswickers that is effective, efficient, and supportive to positive health care outcomes. We will make these investments where they are needed in both urban and rural New Brunswick, further evidence of our commitment to protect rural hospitals from closure.

As our government continues to plan strategically around our hospitals and health care infrastructure, we will invest \$110.3 million to ensure patients get the care they need. This includes continuing the work on important additions and renovations at the following hospitals:

- Dr. Georges-L.-Dumont University Hospital Centre
- Chaleur Regional Hospital
- Dr. Everett Chalmers Regional Hospital

My colleague, the Minister of Health, will provide details on additional new projects when he presents his departmental estimates.

Our government is also committed to investing in senior care, and will continue to do so in this budget. Investments in nursing homes have not traditionally been included in the capital budget. However, due to recommendations from the Auditor General, these assets have now been consolidated onto the Province's

financial statements and future capital investments in non-profit homes will generally be recorded as a capital expenditure. We continue to work through this accounting transition and our nursing home investment plan, at which time we expect a supplementary capital estimate to be brought forward.

Education

Mr. Speaker, education is a key to New Brunswick's economic future and to our social fabric. New Brunswickers have identified education as a priority area and our government has developed a long-term plan that is designed to strengthen our education system and support our economic growth. One of the success factors of our plan is to ensure access to appropriate infrastructure. The investments we make in our schools today are important supports for the provision of a quality education. By aligning our infrastructure investments with our education plans, we are creating an environment where our students can be successful in their studies and develop the skills they need to grow our economy.

We will invest \$88.1 million in our schools to give our students a better chance to learn and be at their best. This includes the following projects that are currently undergoing mid-life upgrades:

- Fredericton High School
- Harrison Trimble High School
- Polyvalente W.A. Losier
- Polyvalente Louis-J.-Robichaud

In addition, investments are being made in the following new schools:

- New West Side Saint John Elementary
- Miramichi East Elementary
- New Dieppe 3-8 school
- New Moncton North 6-8 school
- École Arc-en-ciel
- New Campbellton K-8 school

Additional new projects in education will be detailed in the departmental estimates of my colleague, the Minister of Education and Early Childhood Development.

Economic Infrastructure

Mr. Speaker, a well-maintained transportation network plays an important role in supporting a thriving economy. Our transportation network gets New Brunswickers to and from work safely, and helps our businesses remain competitive by getting their products to market, including around the world. It also helps our important tourism sector. In fact, we will invest \$12.6 million in tourism infrastructure. This will allow us to receive the maximum economic benefit from this important and growing sector of our economy.

Government will invest \$447.0 million in roads, bridges, buildings, and other infrastructure to create jobs and to make New Brunswick safe. This includes the planning, design, and construction of the following projects:

- Route 108
- Route 105, Fredericton (Two Nations Crossing)
- Fundy Trail Parkway Connector
- Radio communications system

Further new projects in economic infrastructure will be detailed by several of my colleagues when they present their departmental estimates.

Green Buildings

Mr. Speaker, the *New Brunswick Climate Change Action Plan* outlines a bold vision for our Province, by intensifying our efforts to combat climate change. We have committed to lead by example by improving the energy performance of all existing government-owned buildings. In this regard, I am pleased to note that, as part of our Strategic Infrastructure Initiative, we will invest \$20.3 million in energy retrofit and renewable energy, an increase of more than 50 per cent over the level spent last year.

Multi-Year Capital Plan

Mr. Speaker, today's budget is a continuation of the multi-year capital plan we introduced last year and it reaffirms our commitment to transparency. The estimates for 2017-2018 and the projected investments through to 2019-2020 demonstrate that we have a strong economic growth plan – a plan that sees us investing in economic infrastructure, schools, and hospitals. We remain committed to the priorities of jobs, education, and health care, and will continue to make the necessary investments in a fiscally responsible manner, while leveraging funds to the maximum benefit of New Brunswickers.

As the following table clearly shows, we remain on plan for the upcoming fiscal year. Our capital investments have increased by just \$31.7 million, less than five per cent of what we had planned last year. The increase in our plan for the upcoming year is concentrated in the Strategic Infrastructure Initiative as we leverage funding from the Government of Canada's Clean Water and Wastewater and the Post-Secondary Strategic Investment funds. Without providing a provincial contribution, these federal investments could not have been made in New Brunswick.

Changes to multi-year infrastructure plan			
	(\$ millions)		
	2017-2018	2018-2019	2019-2020
Plan at December 2015	696.3	696.8	-
Plan at December 2016	757.9	749.0	769.5
Less: amounts from federal infrastructure plan	(29.9)	(48.4)	(70.2)
Own source plan at December 2016	728.0	700.6	699.3
Net change from 2015 plan	31.7	3.8	-
% change from December 2015	4.6%	0.5%	

Conclusion

Mr. Speaker, the previous government often spoke disproportionately about controlling costs and limiting the number of new projects; our government has taken a different approach. Our approach focuses on economic growth, not cuts. This means our government will continue to leverage funds for future opportunities when they arise to the maximum benefit of New Brunswickers and the economy.

Our schools, hospitals, and roads have a huge impact on our collective quality of life. We have an obligation to ensure that they are safe, well-maintained, and support our economy and our education and health care systems. The investments we are making reflect the priorities of New Brunswickers. We believe that returns on these investments will show a well-developed plan that reaffirms our commitment to jobs, education, and health care.

Thank you, Mr. Speaker.

MULTI-YEAR INFRASTRUCTURE PLAN

Thousands

\$

	2017-2018 Budget	2018-2019 Plan	2019-2020 Plan
Regular Capital Investments			
Agriculture, Aquaculture and Fisheries.....	100	100	100
Education and Early Childhood Development.....	43,067	41,925	43,890
Energy and Resource Development.....	2,900	750	4,750
Health.....	95,808	106,477	140,232
Justice and Public Safety.....	114	2,029	-
Legislative Assembly.....	450	50	50
Post-Secondary Education, Training and Labour....	5,695	4,125	4,000
Regional Development Corporation.....	14,100	7,000	4,500
Tourism, Heritage and Culture.....	2,450	2,000	2,000
Transportation and Infrastructure.....	383,837	384,750	387,924
New Projects.....	-	5,000	10,000
Total - Regular Capital Investments.....	548,521	554,206	597,446
Strategic Infrastructure Initiative			
Agriculture, Aquaculture and Fisheries.....	500	500	500
Education and Early Childhood Development.....	40,540	49,885	29,698
Health.....	13,883	-	-
Regional Development Corporation.....	78,370	50,850	17,500
Tourism, Heritage and Culture.....	6,650	820	265
Transportation and Infrastructure.....	19,275	19,131	23,662
Energy Retrofit and Renewable Energy.....	20,250	20,250	20,250
New Strategic Projects.....	-	5,000	10,000
Total - Strategic Infrastructure Initiative.....	179,468	146,436	101,875
Sub-Total - Own Source Capital.....	727,989	700,642	699,321
Recoveries (federal revenue, other)			
Transportation and Infrastructure.....	27,373	41,899	66,839
Other Departments.....	2,525	6,464	3,400
Total - Recoveries.....	29,898	48,363	70,239
Total - Capital Expenditures.....	757,887	749,005	769,560