

# Capital Estimates 2013-2014

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Minister of Finance

Province of New Brunswick

Mr. Speaker, last December our government committed to better address public infrastructure needs over the longer-term by announcing a multi-year capital spending plan. This multi-year outlook provided a guideline for planning and prioritizing our capital needs while living within our means. It is also a key planning component for government in increasing transparency and accountability to New Brunswickers. Our goal is to provide needed public infrastructure faster and at a lower cost to taxpayers, while providing the foundation for stronger control of expenditures as well as economic growth and job creation. Today, I am proud to table information on our 2013-2014 Capital Estimates and projections for 2014-2015 and 2015-2016. I am also pleased to report that we are within 2.0 per cent of our original multi-year plan tabled last December covering the 2012-2013 to 2014-2015 period.

Access to quality infrastructure is vital to the health, safety and security of New Brunswickers in their daily lives. It is also important to enable and enhance growth, economic development, quality of life and prosperity in all areas of the province. However, it also comes with a very expensive price tag for planning, acquisition, development, construction and ongoing maintenance over the life cycle of our assets. As a government, we are operating in an environment of fiscal leadership and responsibility and, as a result, we must strategically plan our capital spending over a multi-year horizon which aligns with our goal of living within our means.

Mr. Speaker, for the 2013-2014 fiscal year, total capital spending of \$466 million is projected across government. In keeping with the plan announced last December to maintain spending at sustainable levels, only \$3.5 million will be spending to commence new projects.

With this capital budget, our priorities are:

1. To invest in the maintenance of existing assets today to avoid greater costs in the future; and
2. To complete the various capital projects currently underway in the most timely, cost-effective manner possible.

To address these concerns, our government developed a new project management structure to improve and capture efficiencies related to the identification, evaluation and implementation of maintenance and capital projects. We have challenged all departments to look at existing capital projects and prioritize needs and quantify savings wherever possible. Savings have been realized, and we will continue developing innovative processes and technologies to help us achieve further savings in capital projects as part of our process of continuous improvement and Government Renewal.

Additional details on capital investments for the coming fiscal year will be provided when my Cabinet colleagues present their departmental estimates for debate.

## **Education**

Mr. Speaker, one of the many challenges that government experiences is ensuring that our students, teachers and education support staff have safe and healthy learning environments. We believe investments to maintain and improve our existing school infrastructure not only ensure the safety of our students and staff but also extend the useful lives of these assets, providing long-term savings for our province. However, it is important that investments in education facilities are made strategically to align with current and future needs and to provide students with benefits both today and well into the future.

Mr. Speaker, I am pleased to announce that in 2013-2014, our government will invest a total of \$120.8 million in our K-12 infrastructure. This investment will see the continuation of a number of construction and expansion projects that are currently underway or are in the planning stages.

We also recognize the need to invest in our post-secondary institutions. A total of \$7 million will be invested in our university and community college infrastructure in 2013-2014.

## **Health**

Mr. Speaker, today's budget includes a total of \$53.2 million for the maintenance and improvement of our health care infrastructure. This includes \$22.3 million for capital improvement and construction projects at a number of health care

facilities. We will also invest \$30.9 million to replace existing medical equipment across the province.

Strategic investments in provincial health care facilities in this budget include funding for the commencement of a new Perth Community Hospital.

## **Transportation**

Investment in the maintenance and repair of our existing transportation infrastructure and for strategic investments is estimated at \$264.5 million in 2013-2014. This includes the continuation of a number of cost-shared projects with the federal government under the National Highway System.

Mr. Speaker, our government understands the need to invest in our highway infrastructure and agrees with the position of the Auditor General last week who indicated that investments today can save money down the road. At the same time, we believe that there is need to make smarter investments in road infrastructure. As a province, we need to examine not just the amount of money we spend, but how we spend it. We need to ask ourselves how we can get more value for fewer dollars by ensuring that we are maintaining the standards necessary for safe travel in New Brunswick. This is what living within our means is all about. Going forward, we will be applying a strategic long-term approach to asset management at all levels of decision-making to ensure the system is operating at an optimum level on a sustainable basis.

## **Multi-Year Capital Plan**

Mr. Speaker, today's budget is fulfilling our commitment to maintaining a multi-year capital plan by showing estimates for 2013-2014 and projected capital investments for 2014-2015 and 2015-2016. This is an important component of returning to sustainable levels of public expenditures, and will also provide citizens, businesses and other stakeholders with greater certainty with respect to future capital spending levels.

This information will reflect projected costs of ongoing commitments and maintenance of our existing infrastructure and other assets. Included in the multi-year projections is a pool of funds for the commencement of new capital projects, separate from the regular maintenance and replacement expenditures we annually face. Any new or additional projects will be assessed as part of the

continuous improvement and Government Renewal processes and where due diligence indicates need and economic sense.

Rest assured, Mr. Speaker, going forward our capital plan will focus on investments in infrastructure that support long-term economic growth, fiscal responsibility and prosperity, while encouraging greater private sector involvement in the economy.

## **Conclusion**

Mr. Speaker, our schools, hospitals, roads and public buildings are used by hundreds of thousands of New Brunswickers each and every day. In these challenging fiscal times, we have an obligation to ensure that this infrastructure is modern, safe and well maintained. However, we also have an obligation to ensure that we live within our means when investing in our province's infrastructure. All capital projects are under an enhanced performance management system with improvement in controls and construction oversight to keep costs as low as possible and meet established need, budget and completion targets.

With the 2013-2014 capital budget and multi-year targets that I am tabling today, Mr. Speaker, our government is meeting these expectations while recognizing our fiscal responsibilities.

Today's multi-year capital plan provides a road map for the next three years. It outlines funding to help complete existing projects and for ongoing maintenance of our buildings, roads, bridges and other infrastructure assets. Living within our fiscal means will be an important consideration in future capital budget plans to ensure that we balance fiscal responsibility with the health, safety and well-being of all New Brunswick citizens.

Thank you, Mr. Speaker.

**MULTI-YEAR CAPITAL PLAN  
(\$000)**

	<u>2013-2014 Budget</u>	<u>2014-2015 Projection</u>	<u>2015-2016 Projection</u>
<b>Agriculture, Aquaculture and Fisheries</b>			
Marshland Maintenance	400	200	600
Equipment	200	200	480
Capital Improvements - Infrastructure	1,350	-	570
<b>Total</b>	<u><b>1,950</b></u>	<u><b>400</b></u>	<u><b>1,650</b></u>
<b>Economic Development</b>			
Economic Development and Innovation	4,000	1,250	-
<b>Total</b>	<u><b>4,000</b></u>	<u><b>1,250</b></u>	<u>-</u>
<b>Education and Early Childhood Development</b>			
Capital Equipment - Public Schools	3,756	2,266	2,700
Capital Construction - Public Schools	96,345	54,450	17,510
Capital Improvements - Public Schools	20,680	20,409	20,250
<b>Total</b>	<u><b>120,781</b></u>	<u><b>77,125</b></u>	<u><b>40,460</b></u>
<b>Environment and Local Government</b>			
Local Service Districts - Infrastructure	730	500	500
<b>Total</b>	<u><b>730</b></u>	<u><b>500</b></u>	<u><b>500</b></u>
<b>Health</b>			
Capital Equipment - Public Hospitals	30,900	20,000	30,000
Capital Construction - Public Hospitals	18,300	25,900	10,200
Capital Improvements - Public Hospitals	4,000	6,000	12,000
<b>Total</b>	<u><b>53,200</b></u>	<u><b>51,900</b></u>	<u><b>52,200</b></u>
<b>Legislative Assembly</b>			
Capital Improvements	725	725	450
<b>Total</b>	<u><b>725</b></u>	<u><b>725</b></u>	<u><b>450</b></u>

**MULTI-YEAR CAPITAL PLAN  
(\$000)**

	<u>2013-2014 Budget</u>	<u>2014-2015 Projection</u>	<u>2015-2016 Projection</u>
<b>Natural Resources</b>			
Musquash Watershed Infrastructure	325	1,000	1,000
Sentier NB Trail Infrastructure	200	200	400
<b>Total</b>	<u><b>525</b></u>	<u><b>1,200</b></u>	<u><b>1,400</b></u>
<b>Post-Secondary Education, Training and Labour</b>			
Deferred Maintenance Program - Public Universities	2,000	2,000	2,000
Capital Improvements - Community Colleges	1,000	1,000	1,000
<b>Total</b>	<u><b>3,000</b></u>	<u><b>3,000</b></u>	<u><b>3,000</b></u>
<b>Tourism, Heritage and Culture</b>			
Capital Improvements - Parks, Attractions, and Heritage Sites	1,500	750	750
<b>Total</b>	<u><b>1,500</b></u>	<u><b>750</b></u>	<u><b>750</b></u>
<b>Transportation and Infrastructure</b>			
Permanent Bridges	41,950	45,350	75,000
Permanent Highways	107,997	84,409	108,100
Rural Road Infrastructure	43,500	43,500	43,500
Canada - New Brunswick National Highway System Program	61,085	29,489	33,000
Capital Administration	3,000	3,000	3,000
Capital Construction - Infrastructure	2,200	-	-
Capital Improvements - Infrastructure	9,920	9,186	9,656
Vehicle Management Agency	10,000	10,000	10,000
<b>Total</b>	<u><b>279,652</b></u>	<u><b>224,934</b></u>	<u><b>282,256</b></u>

**MULTI-YEAR CAPITAL PLAN  
(\$000)**

	<u>2013-2014</u> <u>Budget</u>	<u>2014-2015</u> <u>Projection</u>	<u>2015-2016</u> <u>Projection</u>
<b>Subtotal</b>	<u>466,063</u>	<u>361,784</u>	<u>382,666</u>
<b>Public Private Partnerships</b>			
Restigouche Hospital Centre	-	152,100	-
<b>New Projects</b>	-	-	38,000
<b>TOTAL - CAPITAL EXPENDITURES</b>	<u><u>466,063</u></u>	<u><u>513,884</u></u>	<u><u>420,666</u></u>