

Capital Estimates 2022–2023

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Minister of Finance and Treasury Board

Province of New Brunswick

Mr. Speaker, when I rose in this house to table our first capital budget in December 2018, I noted that a large contributor to our fiscal situation at the time was a level of capital spending by successive governments that was simply not sustainable.

We had credit rating agencies and the financial community increasingly voicing their concerns regarding the growth of net debt in New Brunswick.

The 2019–2020 Capital Estimates was the first step towards achieving fiscal sustainability and creating the conditions to start reducing the elevated level of net debt we were facing.

Since these earliest days, our government has set its priorities with a focus on building a stronger, more resilient New Brunswick.

Mr. Speaker, I am proud to rise today to table a capital budget that is the result of the hard work we have undertaken over the last three years.

The arrival of the COVID-19 pandemic required shifting our priorities to limit the spread of the pandemic and to protect New Brunswickers.

We introduced supports where needed, identified gaps and filled them, kept the economy open to the extent possible, and we remained disciplined in our approach to managing public finances.

The approach we have taken is working and is helping to change the narrative on New Brunswick. Our economy saw one of the shallowest declines in the country in 2020, and economic developments so far this year suggest that our economy is at, or near, its pre-pandemic level.

Net interprovincial migration has been positive for the last five years and hit a 45-year high this year.

Residential building permit values are already set to surpass the record set last year, while exports are poised to hit an 8-year high.

Our disciplined approach has also resulted in an improvement in our financial position.

As of our second quarter fiscal and economic update, our net debt-to-GDP ratio is now expected to be below 34%. This is a significant improvement over the 38.9% that was reported when we took office.

With this context, I am proud to table a capital budget for 2022–2023 of \$746.8 million, an increase of \$78.1 million over the multi-year plan we tabled last year.

The improvement in our fiscal standing means that the increase in our budget is one that we can afford, and allows us to begin addressing our infrastructure deficit.

New Brunswickers know that the level of pandemic-related support cannot continue at current levels. A boost in infrastructure spending will support a sustainable economic recovery as temporary pandemic support measures are removed.

The level of capital investment being tabled today will support an estimated \$550 million in GDP and approximately 6,500 jobs.

Just like other jurisdictions around the globe, we are experiencing significant labour and supply pressures that are leading to rising project costs and ongoing delays.

New Brunswickers who are undertaking renovations or are making major purchases are experiencing the same conditions and they can relate to these challenges.

The Auditor General has reported on the importance of maintaining infrastructure as a way of extending the life of our assets and reducing our costs. We have also seen the significant impact that climate change is having on infrastructure. News reports of major weather events are becoming all too common.

This environment underscores the importance of updating and enhancing the resilience of our infrastructure.

Simply put, we are facing challenges unlike anything we have seen before and we need to act now to build the capacity to meet our long-term infrastructure needs.

Today's capital budget considers these realities.

Vibrant and sustainable communities

Mr. Speaker, our communities are the engines that drive the New Brunswick economy. They also play an important role in enhancing the quality of life that New Brunswickers enjoy.

Our government has recently tabled the white paper, *Working together for vibrant and sustainable communities*. One aspect the paper highlighted was the challenges regarding the responsibility for roads and their costs as being an obstacle to local restructuring efforts. The white paper also reaffirms our commitment to retaining the responsibility for roads.

Maintenance of a strong transportation network between our communities plays a central role such that our communities continue to thrive, and ensures that New Brunswickers can safely travel throughout the province to work, for play, or to visit family and friends.

Today's budget includes \$338.8 million for the maintenance and improvement of our highways, roads and bridges around the province. This includes \$11.7 million to continue rehabilitation work on the Centennial Bridge in Miramichi and a further \$10 million to begin work in replacing the Salmon River Bridge in Chipman.

Proper maintenance of our buildings creates a healthier environment for our employees and the New Brunswickers who visit government buildings to access important public services. An additional \$53.2 million will be invested in the maintenance and improvements of our buildings and other infrastructure.

The \$414.0 million budget for the Department of Transportation and Infrastructure is a \$55.7 million increase over last year's multi-year capital plan and is an early step towards closing the gap on our infrastructure deficit.

I am also pleased to highlight the new courthouse in Fredericton. This \$60 million project will contribute to a transformation of the downtown area, with \$19.8 million scheduled to be spent in 2022–2023.

Dependable public health care

Mr. Speaker, the demands that are currently being placed on the health care system continue to rise. We have an aging population and the pandemic has added to the stress our health care system is facing. Maintaining the status quo will only lead to a deterioration of services.

This is simply not acceptable.

Our government has consulted extensively on a path forward for our health care system, and we have recently released a comprehensive action plan to guide us over the next five years.

We heard what New Brunswickers had to say and understand what is important to them. They rightly expect to have access to dependable public health care, and the expectations are high.

Today's capital budget supports the principles outlined in the action plan.

In 2022–2023, our government will invest \$153.2 million in our health care infrastructure. Of this total, \$103.8 million will be for the continuation of renovations, additions, and other improvements around the province, and \$49.4 million will be for capital improvements and equipment. Ongoing work at the Chaleur Regional Hospital and the Dr. Everett Chalmers Regional Hospital are two examples of where government continues to make important investments in health care infrastructure.

World-class education

Mr. Speaker, since the onset of the pandemic, our educators and students have been significantly challenged to work in a learning environment unlike anything we have seen before. Switching between distance learning and in-class learning has become all too common. And it is not easy.

While these are not ideal learning conditions, I applaud our educators and students for their commitment and resilience during these difficult times.

The investments being made in our educational assets are focused on completing the construction of new schools, and ongoing maintenance at our schools. This also includes an increased emphasis on improving the air quality in our schools.

Mr. Speaker, our government will invest a total of \$84.7 million in our K-12 infrastructure, including \$12.7 million for the new K-5 school on the northside of Fredericton and \$10.8 million for the new francophone school complex in Moncton.

Affordable and responsive government

With the improvements we have made to our financial standing we are able to do more. However, our government has consistently taken a disciplined approach to managing our finances, and today's budget is no different.

We have been successful in managing our finances and we will continue to be prudent with taxpayers' money. Today's capital budget strikes a balance between addressing our infrastructure needs, meeting our financial obligations, and supporting our economy.

The focus we have consistently placed on fiscal sustainability since taking office means that we have the flexibility to further address our infrastructure needs without a departure from our principles as responsible financial managers.

We are on track to reduce net debt by more than \$500 million since we took office in 2018, and key financial metrics such as net debt-to-GDP and net debt per capita are trending in the right direction.

Indeed, the five-year capital plan I am outlining today is one that New Brunswickers can afford.

Conclusion

Mr. Speaker, my colleagues around the cabinet table are leading many important files as we continue to reinvent New Brunswick. I thank them for their leadership and support with this year's capital budget process.

Despite the pandemic, New Brunswick has made significant progress. Interest in our province is on the rise, the economy is in recovery, and fiscal health is improving.

New Brunswickers can be proud of this progress.

The decisions we have made through the 2022–2023 Capital Budget are designed to support an ongoing and sustainable economic recovery. It also begins to address our infrastructure deficit.

These decisions also complement important priorities such as local governance reform and stabilizing the health care system.

Our government has consistently said that it would make decisions based on what we could afford while ensuring the long-term sustainability of the province's finances.

Today's capital budget is consistent with this approach.

Thank you, Mr. Speaker.

MULTI-YEAR INFRASTRUCTURE PLAN
(\$ Thousands)

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
	Budget	Plan	Plan	Plan	Plan
Department					
Agriculture, Aquaculture and Fisheries.....	465	1,130	765	765	935
Education and Early Childhood Development.....	84,710	77,690	68,605	126,884	133,167
Environment and Local Government.....	1,000	1,000	1,000	1,000	1,000
Health.....	153,199	193,603	170,645	164,760	99,839
Justice and Public Safety.....	23,310	41,635	17,900	4,500	-
Legislative Assembly.....	60	60	60	60	60
Natural Resources and Energy Development.....	7,920	1,850	850	850	850
Post-Secondary Education, Training and Labour...	6,100	6,100	6,100	6,100	10,100
Regional Development Corporation.....	35,000	30,000	30,000	40,000	50,000
Social Development.....	12,000	12,000	12,000	12,000	12,000
Tourism, Heritage and Culture.....	9,020	10,450	10,010	9,660	9,100
Transportation and Infrastructure.....	414,010	489,246	456,179	450,813	521,938
Total - Capital Expenditures.....	746,794	864,764	774,114	817,392	838,989