

Capital Estimates 2012-2013

Hon. Blaine Higgs,
Minister of Finance

Province of New Brunswick

Mr. Speaker, in last March's provincial budget our government committed that to better address public infrastructure needs over the longer-term, a multi-year capital spending plan would be tabled starting with the 2012-2013 Capital Estimates. Today, I am proud to table, for the first time on record, a plan that not only sets out the roadmap for 2012-2013 but for the following two years. Not only will this multi-year outlook help with planning and prioritizing our capital needs, it is also important as government continues to develop its three-year plan to return to fiscal balance and in increasing transparency and accountability to New Brunswickers.

Mr. Speaker, as a government we want to help New Brunswickers care for their families. Providing them with quality infrastructure is an important way to do that. It is vital for the health and safety of New Brunswickers. It is also important to facilitate growth and economic development. That said, it also comes with a large price tag for planning, acquisition, development, construction and ongoing maintenance over the life cycle of our assets. As a government, we are operating in a fiscal environment that demands leadership and responsibility. Thus, it is critical that we strategically plan our capital spending over a multi-year horizon.

Mr. Speaker, over one half of the capital budget for 2012-2013, or \$544 million of total capital spending of \$948 million, is related to the cost of the Route 1 Gateway Project coming onto the province's books, reflecting an obligation from the previous Liberal government's tenure. Excluding this funding, capital spending on projects in 2012-2013 is estimated at \$404 million.

We believe that although we must complete the various capital projects currently underway, including the Route 1 Gateway Project, in the most timely, cost-effective manner possible, it is vitally important to ensure that we only invest in new projects that are essential to the safety and security of New Brunswickers. This is contrary to the past practices that we have seen to build beyond our means. We are not in a position to invest in unneeded public infrastructure. We must sharpen our focus to address these concerns and our government will develop a new project management structure to improve and capture efficiencies related to the identification, evaluation and implementation of maintenance and capital projects.

We are committed to meet the real and defined infrastructure needs in this province. Our government has challenged all departments to look at existing capital projects and identify savings wherever possible. Savings have been realized, and we will continue this exercise as part of our process of continuous improvement and Government Renewal. We also acknowledge the need to invest in the maintenance of existing assets today in order to minimize life cycle costs in the future.

Mr. Speaker, our government is prepared to invest in a select number of new projects where needs are evident or where due diligence indicates it makes economic sense. Only \$24 million, or just two and one-half per cent of total capital spending in 2012-2013, is for the commencement of new capital projects.

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 first challenges we experienced as a new government when we took office last year was the deteriorating condition and significant overcrowding in many of our schools. Our government is committed to ensuring that our students, teachers and education support staff have healthy and safe learning environments. 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. This provides long-term savings for our province. However, it is important that investments are made strategically to ensure students will benefit today and well into the future. Over the past year the Department of Education and Early Childhood Development has been working closely with districts and parents to ensure future investments in the education system meet the needs of the community.

Mr. Speaker, I am pleased to announce that in 2012-2013, we will invest a total of \$104 million in our K-12 infrastructure. This investment will see the continuation of a variety of construction and expansion projects that are currently underway and \$20 million for various health and safety improvements at our schools.

We also recognize the need to invest in our post-secondary institutions. A total of \$10 million will be invested in our university and community college infrastructure in 2012-2013.

Health

Mr. Speaker, this budget includes a total of \$49 million to maintain and improve our health care infrastructure. This includes \$26 million for capital improvement and construction projects at a number of health care facilities. We will also invest \$23 million to replace existing medical equipment across the province.

Transportation

As I mentioned in my opening remarks, Mr. Speaker, more than half of the 2012-2013 capital budget relates to the Route 1 Gateway Project. This is a major capital project which will see the full twinning of Route 1 from the United States border in St. Stephen to the connection with the Trans-Canada Highway in River Glade. For 2012-2013, capital spending on transportation infrastructure excluding the one-time payment for the Route 1 Gateway Project totals \$200 million.

Today's budget includes funding for the Caraquet Bypass project to be completed at a total cost of \$45 million shared with the federal government, as well as the design and procurement of lands necessary to improve Route 11.

We will continue with a number of cost-shared projects with the federal government under the National Highway System. Total federal funding for 2012-2013 for cost-shared projects, including the Route 1 Gateway Project, is \$222 million.

This budget also includes a number of other strategic investments that will be explained in detail when departments present their capital estimates.

Multi-Year Capital Plan

Mr. Speaker, in the 2011-2012 Budget that I tabled last March, our government made a commitment to establishing a multi-year capital plan. This is an important component of our plan to return to sustainable levels of expenditures by 2014-2015, and will also provide citizens, businesses and other stakeholders with greater certainty with respect to future capital spending levels.

Today I am tabling, in addition to our capital estimates for 2012-2013, a schedule showing our government's projected capital investments for 2013-2014 and 2014-2015. This information reflects projected costs of ongoing commitments and maintenance of our existing assets. Any new or additional projects would be assessed as part of the continuous improvement and Government Renewal processes.

Conclusion

Mr. Speaker, every day hundreds of thousands of people use our schools, hospitals, roads and public buildings. Even in these challenging fiscal times, we have an obligation to ensure that this infrastructure is safe and well maintained. However, we also have an obligation to ensure that we get the most value out of every dollar invested in our province's infrastructure. All capital projects will be managed under a system of stringent controls and construction oversight to keep costs as low as possible and meet established budget and completion targets.

With the 2012-2013 capital budget that I am tabling today, Mr. Speaker, our government is meeting these obligations.

In closing, today's historic multi-year capital plan provides a roadmap for the next three years. It provides funding to help complete existing projects and for ongoing maintenance of our buildings, roads, bridges and other infrastructure assets. Rest assured, our government will continue to consider our fiscal circumstances as it sets future capital budgets and will balance fiscal responsibility with the health, safety and well-being of New Brunswickers.

Thank you, Mr. Speaker.

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

	2012-2013 Budget	2013-2014 Projection	2014-2015 Projection
Agriculture, Aquaculture and Fisheries			
Marshland Maintenance	200	200	200
Equipment	-	200	200
Capital Improvements - Infrastructure	150	150	-
Total	350	550	400
Education and Early Childhood Development			
Capital Equipment - Public Schools	1,200	3,469	1,625
Capital Construction - Public Schools	82,648	97,320	55,500
Capital Improvements - Public Schools	20,000	20,000	20,000
Total	103,848	120,789	77,125
Health			
Capital Equipment - Public Hospitals	23,200	18,200	16,000
Capital Construction - Public Hospitals	21,810	6,600	5,000
Capital Improvements - Public Hospitals	4,000	4,000	4,000
Total	49,010	28,800	25,000
Justice and Consumer Affairs			
Capital Construction - Courthouses	19,300	-	-
Total	19,300	-	-
Legislative Assembly			
Capital Improvements	400	450	450
Total	400	450	450
Local Government			
Local Service Districts - Infrastructure	500	500	500
Total	500	500	500

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

	2012-2013 Budget	2013-2014 Projection	2014-2015 Projection
Maritime Provinces Higher Education Commission			
Deferred Maintenance Program - Public Universities	7,500	2,000	2,000
Total	7,500	2,000	2,000
Natural Resources			
Musquash Watershed Infrastructure	-	1,000	1,000
Sentier NB Trail Infrastructure	200	200	200
Total	200	1,200	1,200
Post-Secondary Education, Training and Labour			
Capital Improvements - Community Colleges	1,000	1,000	1,000
Total	1,000	1,000	1,000
Regional Development Corporation			
Canada - New Brunswick Building Canada Fund - Communities Component	4,585	-	-
Economic Development and Innovation	1,500	2,000	2,000
Total	6,085	2,000	2,000
Supply and Services			
Capital Administration	3,000	2,500	2,500
Capital Construction - Infrastructure	3,400	-	-
Capital Improvements - Infrastructure	8,800	8,200	8,125
Total	15,200	10,700	10,625
Tourism and Parks			
Capital Improvements - Parks and Attractions	750	1,500	750
Total	750	1,500	750

**MULTI-YEAR CAPITAL PLAN
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	<u>2012-2013</u> <u>Budget</u>	<u>2013-2014</u> <u>Projection</u>	<u>2014-2015</u> <u>Projection</u>
Transportation			
Permanent Bridges	43,850	46,500	46,500
Permanent Highways	66,358	112,884	89,309
Rural Road Infrastructure	38,000	40,000	42,000
Canada - New Brunswick National Highway System Program	41,630	59,568	26,500
Vehicle Management Agency	10,000	10,000	10,000
Total	<u>199,838</u>	<u>268,952</u>	<u>214,309</u>
Subtotal Excluding Public Private Partnerships	<u>403,981</u>	<u>438,441</u>	<u>335,359</u>
Public Private Partnerships			
Route 1 Gateway Project	543,779	-	-
Restigouche Hospital Centre	-	-	152,100
TOTAL - CAPITAL EXPENDITURES	<u><u>947,760</u></u>	<u><u>438,441</u></u>	<u><u>487,459</u></u>