

# **Capital Estimates 2023–2024**

**Hon. Ernie L. Steeves**

**Minister of Finance and Treasury Board**

**Province of New Brunswick**

Mr. Speaker, New Brunswick has entered a period unlike anything we have seen before.

Our economy has quickly bounced back from the pandemic-induced closures in 2020. Moreover, we have maintained healthy economic growth well into 2022.

We are seeing record population growth, employment is hitting new highs, and wage growth is leading the country.

We now have the economic momentum to build on without sacrificing our long-term financial sustainability.

During my time as Minister of Finance and Treasury Board, I have consistently noted that our government would be responsible stewards of the finances of the province, that we would only invest in projects that we can afford, and we would build financial flexibility for future generations of New Brunswickers.

Our approach is working.

We are on track to reduce net debt by more than \$2 billion since we have taken office. Our Service of the Public Debt is lower than it otherwise would have been, and this will help mitigate the impact of rising interest rates.

Our net debt-to-GDP ratio is now expected to be approximately 26 per cent, an improvement over expectations at the time of Budget 2022–2023 and a significant gain over the level that was reported when we took office.

Credit rating agencies have all reaffirmed the province's credit rating and we have clearly moved away from the threat of a credit downgrade.

These efforts put us in a strong position to address the challenges before us.

We are facing challenges that come with providing effective public services to a rapidly growing population. We are also considering a volatile global environment that is putting upward pressure on prices, driving up interest rates, and slowing economic growth.

It is with pleasure that I say to New Brunswickers that, despite these challenges, we can afford to invest in areas where demand is on the rise, we can deal with the cost pressures that have come with labour and materials shortages, and we can afford to do this without asking future generations of New Brunswickers to pay the bill.

I am proud to table a capital budget for 2023–2024 of \$1 billion, an increase of \$152.3 million over the multi-year plan we tabled last year. Much of this increase is a result of the elevated inflationary environment and supply chain related delays seen around the globe.

Today's capital budget reflects not only what we can afford, but also what we need, and have the capacity to deliver.

### **World-class education**

Mr. Speaker, record population growth has directly translated into increased enrolment in our schools. This growth means that we have gone from declining enrolments and school closures to a period where our schools are full, and the need is there to build new capacity.

For the current school year, we have seen an influx of nearly 4,000 students. This means we must respond to the increased demand for space in our schools. It also means that we need to invest further in maintaining and improving our schools.

Mr. Speaker, I am pleased to note that our government will invest \$110.2 million in our schools, an increase of 41.9 per cent over the multi-year plan that I released last year, reflecting the increased demand for space in our schools and the rising cost of school construction.

This includes \$64.2 million to continue the planning, design, and construction of eight new schools around the province. This includes development work for new schools in Saint John, Shediac Cape, and Campbellton. An additional \$46 million will be available for improvements, ventilation upgrades, and equipment in our schools.

### **Vibrant and sustainable communities**

Mr. Speaker, coming out of the pandemic, people are re-evaluating their lives and searching for a better quality of life.

They are finding it here in New Brunswick. They are moving to our cities, towns and villages and finding the high quality of life they have been looking for.

A growing population also increases demand for housing. Combined with the rising cost of living, this has led to increased pressure for public housing units.

Our government is responding to this important need.

I am pleased to reaffirm our commitment to addressing the demand for affordable public housing through today's capital budget. With an investment of \$33 million for 2023–2024, our government will build the first government-owned housing units in 38 years.

In addition, we will invest an additional \$5 million this year in our maintenance program to ensure that vacant units can be occupied as quickly as possible.

Mr. Speaker, through these investments, our government will invest a total of \$50 million in the upcoming year to undertake maintenance and improvements activities in our nursing homes, and to address some of the housing challenges we are facing in New Brunswick. This funding will mean an increase in Social Development's capital budget of more than 300 per cent!

Also contributing to the vibrancy of our communities, I am pleased to note that this year's capital budget also includes funding to begin work on the redevelopment of the New Brunswick Museum.

### **Energizing the private sector**

Mr. Speaker, Statistics Canada estimates that our highway, road structures, and bridges were valued at \$5.1 billion in 2021, and investments in our transportation infrastructure supported more than 3,500 jobs and contributed \$374 million to the economy.

More importantly, maintaining 18,000 kilometres of highways and 5,500 bridges and large culverts is an important enabler to our economic success, contributing to the safe and efficient movement of people and goods throughout the province and beyond.

The effects of strained global supply chains and rising prices of key commodities such as asphalt and structural steel are largely responsible for the upward cost pressures we are seeing in the maintenance of our transportation infrastructure.

Today's budget includes \$477.4 million for the maintenance and improvement of highways, roads and bridges around the province, an increase of 17.9 per cent over the multi-year capital plan.

By applying asset management principles to existing infrastructure, we will see further investments in key ongoing projects such as the Edmundston-Madawaska International Bridge, Anderson and Centennial Bridges in the Miramichi area, the Saint John Harbour Bridge, and the Coles Island Bridges in the Sussex region.

Mr. Speaker, maintaining a healthy work environment for our employees can improve productivity and enhance the quality of service being provided to New Brunswickers. An additional \$55.4 million will be invested in the maintenance and improvements of our buildings and other infrastructure, including \$5.3 million to provide for renewable energy installations and energy efficiency initiatives in provincial buildings.

The \$562.8 million budget for the Department of Transportation and Infrastructure is a \$73.5 million increase over last year's multi-year capital plan, and largely reflects rising global commodity prices.

### **Dependable public health care**

Mr. Speaker, the demands on our health care system continue to rise. In addition to dealing with the pressures that come with an aging population, strong population growth is leading to increased demand on our health care system.

The system we have is not working, but with a strong plan we are prepared to do things better. Through *Stabilizing Health Care: An Urgent Call to Action*, we have developed an ambitious plan that will evolve our system and deliver improvements that meet the needs of a growing population.

Creating capacity at our hospitals in support of our action plan is an important step in easing the strain in our health care system.

In 2023–2024, our government will invest \$176.6 million in our health care infrastructure. Of this total, \$95 million will be for the continuation of renovations, additions, and other improvements around the province.

This includes the renovation and addition of approximately 270,000 square feet at the Chaleur Regional Hospital and 260,000 square feet at the Dr. Everett Chalmers Regional Hospital.

Work will also continue at the Saint John Regional Hospital in response to growing clinical demand within the medical and surgical intensive care unit, oncology clinics, and the cardiac unit.

At the Moncton Hospital, work will continue on the new maternal newborn unit. In addition, we are modernizing and increasing capacity at the Moncton Hospital coronary care unit.

To drive further efficiencies in our health care system, we will also renovate space at the Dr. Georges-L.-Dumont University Hospital Centre to create the New Brunswick Public Health Laboratory. This new lab will have the capacity to process all lab specimens, enhance public health monitoring, investigation, and mitigation of future environmental and health risks.

An additional \$81.6 million will be for capital improvements and equipment.

### **Affordable and responsive government**

Mr. Speaker, in building today's capital budget, we were faced with the dual pressures of increased demand brought on by population growth and increased costs in a high inflation environment. In previous years, our fiscal situation would not have been able to withstand these pressures.

Our approach of being responsible fiscal managers has led to meaningful reductions in our net debt and has provided us with the capacity to directly address these challenges without sacrificing the sustainability of our finances.

Net debt is lower than anticipated at this time last year. Through this multi-year capital plan, key financial metrics such as net debt-to-GDP and net debt per capita will remain below previous projections.

We remain committed to our disciplined approach to managing our finances.

The five-year capital plan I am outlining today addresses inflationary pressures, recognizes labour and materials shortages, and invests in areas where demand is on the rise.

It is a plan that New Brunswick can afford.

### **Conclusion**

Mr. Speaker, New Brunswick has entered a period of growth, and this represents a challenge and an opportunity to build on the progress we have made.

My cabinet colleagues see challenges daily as they lead important work to deliver for New Brunswickers. It is through their continued leadership and support that we can deliver consistently strong fiscal results. This year's capital budget reflects their ongoing support.

We have consistently said we would make decisions that are responsible and fiscally sustainable.

Our economy is reaching new heights, our fiscal position is strong, and we are well positioned to face economic headwinds that are expected to result from rising interest rates.

Today's capital budget remains true to the approach that has worked so well since we have taken office.

Thank you, Mr. Speaker.

**MULTI-YEAR INFRASTRUCTURE PLAN**  
(\$ Thousands)

	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>
	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>Department</b>					
Agriculture, Aquaculture and Fisheries.....	2,660	2,365	515	685	575
Education and Early Childhood Development.....	110,242	125,299	156,670	136,790	115,495
Environment and Local Government.....	1,000	1,000	1,000	1,000	1,000
Health.....	176,624	162,482	162,858	146,941	121,940
Justice and Public Safety.....	34,585	49,530	13,030	-	-
Legislative Assembly.....	60	60	60	60	60
Natural Resources and Energy Development.....	5,971	13,562	1,150	850	850
Post-Secondary Education, Training and Labour.....	6,100	6,100	6,100	6,100	6,100
Regional Development Corporation.....	57,500	63,700	60,500	30,500	2,200
Social Development.....	50,000	50,000	50,000	17,000	17,000
Tourism, Heritage and Culture.....	9,514	10,490	11,320	11,205	12,255
Transportation and Infrastructure.....	562,785	525,975	483,035	557,195	561,765
<b>Total - Capital Expenditures.....</b>	<b>1,017,041</b>	<b>1,010,563</b>	<b>946,238</b>	<b>908,326</b>	<b>839,240</b>