Capital Estimates 2024–2025

Hon. Ernie L. Steeves
Minister of Finance and Treasury Board

Province of New Brunswick
Mr. Speaker, investments in infrastructure play a central role in supporting a growing province and improving the quality of life for New Brunswickers.

With population growth hitting record levels in each of the last two years, we recognize that the demand on our public assets continues to grow. To keep up with this growth in demand and to maintain the positive momentum we have seen in recent years, we must continue to build and maintain our public infrastructure to the benefit of all New Brunswickers.

Since 2019–2020 our government has done this by investing $3.6 billion in our public infrastructure.

The capital budget I am tabling today will build on our progress and result in $1.2 billion in planned capital expenditures for 2024–2025, an increase of nearly $200 million over the multi-year plan we tabled last year. Moreover, the plan I will outline today puts us on a path to spend $3.6 billion over the next 3 years.

This increase reflects the elevated inflationary environment, supply chain pressures seen in recent years, and is in response to the needs of a growing province.

While the demand on our capital assets is on the rise, we must also balance this against our capacity to develop and maintain our assets in an environment where private sector investment is on-track to reach its highest level since 2008.

The good news is that, with the momentum we have achieved, we are increasing capacity to address both public and private sector needs.

Supply and labour shortages are easing, and inflationary pressures have begun to moderate.

Construction employment hit an all-time high in October and inflation moderated from the significant increases we saw last year. While this is positive news, there are still more than 1,000 vacant jobs in the construction sector, and inflation is still running at nearly double the long-term historical average in the province.
We do not expect to see these cost drivers return to levels seen a few years ago. They will continue to influence the overall level of capital spending in the province in the near term. However, their influence on the size and growth of our capital spending program is expected to ease over time.

Mr. Speaker, while the demands for additional spending on our capital assets is high, we have always been responsible with the public purse.

I am proud of the track record our government has as responsible fiscal managers. We have been consistent in making investments that we can afford.

We have reduced our net debt by nearly $2 billion since we have taken office. We have also effectively managed our Service of the Public Debt during a period of rising interest rates.

Our net debt-to-GDP ratio is now expected to be approximately 27.6 per cent, a significant improvement over the 40% that was reported for 2017–2018.

Credit rating agencies have all reaffirmed the province’s credit rating and we have clearly moved away from the threat of a credit downgrade and are now on a path towards a positive credit outlook. The Parliamentary Budget Officer has recently deemed New Brunswick’s current fiscal policy to be on a sustainable trajectory.

Through our strong fiscal management, we are in a better position to address the challenges before us.

We can afford to invest in areas where demand is on the rise.

We can manage cost pressures effectively.

It is also a capital budget that we have the capacity to deliver.

**Building a better education system**

Mr. Speaker, based on comparable data going back to 1971, we have seen the median age in the province fall for the first time ever. Contributing to this result is the arrival of younger working-aged people and their families. This has led to an
additional 7,200 students in our schools since September 2021. Moreover, we expect to see enrolment in our schools increase by another 6,000 by September 2027.

This means we must respond to the increased demand for space in our schools and continue to build on the progress we have made in recent years.

Rising demand for space also makes it increasingly important to properly maintain and improve our schools.

Mr. Speaker, I am pleased to note that our government will invest $187.4 million in our schools next year. This is an increase of 49.6 per cent over the planned expenditures I noted in last year’s capital budget.

This includes $82 million to continue the work that has already begun on eight schools around the province. An additional $10.2 million is being invested to begin work on an additional six schools around the province and will mean further commitments over the next several years. This includes development work for schools in Dieppe, Fredericton, Moncton, Salisbury, and Tabusintac.

An additional $50.3 million will be available for improvements, land acquisition and site assessments, and ventilation upgrades in our schools.

**Vibrant and sustainable communities**

Mr. Speaker, throughout the province we are seeing our communities grow as the arrival of newcomers is helping them thrive.

This growth is also creating challenges.

Housing demand is strong, but it is putting pressure on house prices, contributing to low vacancy rates in our rental markets, and leading to affordability challenges for some New Brunswick households.

With new rental construction at an all-time high, private investment in housing is strong and is creating capacity challenges when it comes to adding to the public housing stock.

While progress has not happened as quickly as we would have liked, we remain committed to increasing the supply of publicly owned housing. Starting from scratch
to build the first government-owned housing units in 38 years has come with challenges, however the efforts over the last 12 months have laid the necessary groundwork that will lead to the successful development of 380 new public housing units around the province. This will start with an investment of $33 million for 2024–2025 that will see ground break on public housing projects in various locations around the province. In addition, we will invest $5 million this year in our maintenance of existing public housing units.

Our government will also invest $17 million in the upcoming year to undertake maintenance and improvements in our nursing homes.

Mr. Speaker, safety is an important contributor to creating vibrant and sustainable communities. Growth can also come with social problems that end up in our justice system.

Today's capital budget earmarks $40.9 million to continue the important work on a new justice building in Fredericton, the development of a new regional correctional centre in Grand Lake, and funding for safety upgrades in our existing correctional facilities.

**Energizing the private sector**

Mr. Speaker, our network of highways, bridges and other transportation assets contribute to many facets of success in New Brunswick.

They support vibrant and sustainable communities by making it easy for people to move around the province. Their maintenance and operation help keep New Brunswickers safe as they travel. The efficient movement of goods contributes to our competitiveness and acts as an important enabler to our economic success.

Since taking office, our government has invested more than $1.7 billion in our transportation assets using tried and true asset management practices in our decision making. We continue to place priority on our transportation by investing $505 million for the maintenance and improvement of highways, roads and bridges around the province in 2024–2025. This includes investments in safety upgrades that will see $13 million to continue the development of passing lanes along Route 11.
These investments represent an increase of 11.2 per cent over the multi-year capital plan I tabled at this time last year.

This level of investment also reflects the upward price pressure the sector has seen from elevated commodity prices and the limited supply of available labour.

An additional $50.3 million will be invested in the maintenance and improvements of our buildings and other infrastructure.

The $585.3 million budget for the Department of Transportation and Infrastructure is a $59.3 million increase over last year’s multi-year capital plan, and largely reflects rising global commodity prices, ongoing labour shortages, and increased competition from strong private sector investment growth.

Mr. Speaker, the forest sector continues to be an important economic driver in New Brunswick. In support of the crown forest management strategy, our government will invest $12.5 million in modernizing and expanding the Kingsclear nursery. Once complete, the nursery will see a 50 per cent increase in production and lead to an additional 8.2 million seedlings annually.

Further energizing our economy will be additional investments in our tourism infrastructure. Budget 2024–2025 includes $20 million in improvements in our tourism infrastructure around the province and represents a 110.6% increase over the investment made in our tourism system last year.

**Dependable public health care**

Mr. Speaker, in November 2021, our government released a Provincial Health Plan entitled, “Stabilizing Health Care: An Urgent Call to Action”. This plan acknowledged the challenges facing our health care system and set forward a series of action items to build a health care system that is citizen-focused, accessible, accountable, inclusive, and service-oriented for all New Brunswickers.

We continue to implement key elements of this plan and are reporting progress through the New Brunswick Health Council. With the focus provided by this plan, we are evolving our system and delivering improvements that meet the needs of a growing population.
Effectively maintaining our capital assets and creating capacity at our hospitals are important elements to successfully achieve our action plan, address the pressures from population growth and an aging population. It is also an important step in easing the strain in our health care system.

Since taking office, our government has invested $566.6 million in our health care infrastructure. However, we recognize that we must continue to upgrade and modernize our assets to support our health care system.

In 2024–2025, our government will invest $155.4 million in our health care infrastructure for the continuation of renovations, additions, and other improvements around the province. Over the next 3 years, our investments in health care will total $589.7 million.

This includes the ongoing renovation work and will also result in a five-storey addition at the Chaleur Regional Hospital and a three-storey addition at the Dr. Everett Chalmers Regional Hospital.

Redevelopment work will also continue at the Saint John Regional Hospital within the medical and surgical intensive care unit, oncology clinics, and the cardiac unit. This work will help address clinical demand for these important health care services.

In response to clinical needs, modernizing and increasing capacity at the Moncton Hospital coronary care unit will continue.

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 increase collaboration between the Vitalité and Horizon health authorities, enhance public health monitoring, investigation and mitigation to reduce future environmental and public health risk.

A further $44.4 million will be for capital equipment at various health care facilities around the province.

We will also work with the health system to strengthen our asset management practices by identifying our needs and capabilities at a provincial level. Through this
process we expect to be better able to prioritize projects and maximize the use of our health care assets throughout the province.

**Affordable and responsive government**

Mr. Speaker, in recent years we have seen record levels of population growth combine with inflationary pressures not seen in more than a generation. When it comes to managing our capital assets, these conditions have led to a very challenging operating environment. We are not alone in this regard as jurisdictions across the country are faced with similar challenges. One difference, however, is that we are tackling our challenges from a position of strength as we have improved our fiscal position since taking office.

We have increased funding levels to our capital plan while also significantly reducing our net debt.

The Parliamentary Budget Office has noted that our current fiscal policy is sustainable over the long-term, and our credit rating is now on a positive outlook.

We have developed the capacity to directly address the challenges that come from growth, while improving the sustainability of our finances. This is clearly evident in our net debt-to-GDP which is now the lowest east of Saskatchewan.

The capital plan I am outlining today is proof that we can address the pressures that come from growth without sacrificing longer-term fiscal responsibilities.

While inflationary pressures are abating, capital costs are not expected to return to their previous levels. Similarly, labour shortages are in retreat, yet the demand for labour continues to outpace supply. Today’s capital budget recognizes these capacity constraints and places priority on investments where demand continues to grow.

This is a capital plan that reflects the progress we have made and recognizes the work that is still to come.
**Conclusion**

Mr. Speaker, for many years the discussion around our infrastructure needs were often around rationalizing to align with our fiscal capacity. These were often difficult discussions and meant reductions in our assets.

In recent years, this has changed to discussions around our ability to keep up with growth. While challenging, I would much rather have these discussions.

It is through the ongoing support of my cabinet colleagues that we can deliver strong fiscal results while also making decisions that support a vibrant and growing population.

We continue to make decisions that are responsible, fiscally sustainable and address the challenges that come from growth.

Our population has hit new heights and our fiscal position remains strong in the face of increased demand for government services.

We have invested significantly in our infrastructure in recent years and today’s capital budget continues this trend of building for a brighter future for all New Brunswickers.

Let’s keep building.

Thank you, Mr. Speaker.
## MULTI-YEAR INFRASTRUCTURE PLAN

($ Thousands)

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<th>2025-2026 Plan</th>
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