

Capital Estimates 2020–2021

Hon. Ernie L. Steeves

Minister of Finance and Treasury Board

Province of New Brunswick

Mr. Speaker, one year ago I rose in this house and tabled our government's first capital budget.

At that time, I noted that our net debt had nearly doubled over the last decade and that capital spending played a big role.

It would have been easy to maintain the status quo as a newly-formed government and push out the hard decisions to this current year.

Mr. Speaker, we did not do that.

Instead, we acted with urgency and took immediate action to restore balance to our finances.

With that first capital budget, we laid a foundation for a brighter future that is built on responsible management of public finances. The decisions we took one year ago put us on a path to see a decline in net debt for the first time since 2006–2007.

While we are proud of the progress we have made so far, responsible management of public finances is not a one-year exercise, nor should it ever be optional. Our debt is dangerously high, it represents more than \$18,000 for every child, senior and working adult in our province.

Having one of the highest per capita debt in all of Canada is a burden. And we should be ashamed to pass that burden down to our children and grandchildren. It's not fair and it's irresponsible.

Why am I making this point? Because, Mr. Speaker, what is needed is to get New Brunswick's debt back at a level that is manageable. It's a balance.

Debt only takes away from badly-needed resources for everyone. Consider the impact on our education system. On health care. On our ability to support our employees.

The interest we will pay this year is projected to be up to \$658 million. This is sadly more than our entire capital investments for this year.

We must remain disciplined with how we manage taxpayers' hard-earned dollars.

New Brunswickers have a right to expect that we are acting responsibly in managing their money.

With this said, I am proud to share that we are tabling a capital budget for 2020–2021 of \$599.2 million, which is appropriate and responsible in terms of our needs and what is affordable. You may also notice that it is the same amount we budgeted last year. That is because consistency in responsible spending is the key to turning our economy around.

We are building on the progress we have made over the last year and we are working toward a better tomorrow.

The decisions we have made represent an affordable and responsive government that is focused on priorities, looking for opportunities to deliver good value for money, creating the conditions to reduce net debt, and putting New Brunswick in a better position to address future challenges.

With this level of capital spending, I am pleased to note that we remain on track with the multi-year plan we introduced last year.

While our government would like to address all our infrastructure needs today, we recognize the importance of balancing our needs against what is affordable.

As such, I appreciate the ongoing effort and discipline shown by my Cabinet colleagues and officials in effectively balancing the competing priorities of addressing our infrastructure needs and fiscal responsibility. This is a process. We cannot solve our problems overnight. But with time, self-discipline and consistency, we will create a better tomorrow.

Dependable public health care

Mr. Speaker, our government recognizes that New Brunswickers must have access to dependable health care. It is with increasing frequency that new developments emerge highlighting the challenges we are facing. We are already starting to see the impact these challenges are having on New Brunswickers' access to health care.

Knowing that, with an aging population, the demands on our health care system will only continue to grow, we must act today to prepare for tomorrow's needs.

Maintaining the status quo will not be enough.

We know that the capital investments made in our hospitals can play an important part in supporting improved access to our public health care system.

In 2020–2021, our government will invest \$123.9 million in our health care infrastructure. Of this total, \$62.9 million will be for the continuation of renovations, additions and other improvements around the province, and \$45.0 million will be for capital improvements and equipment.

In addition, we recognize the importance of taking a longer-term view with our health care assets, this is why an additional \$16.0 million will be used to start new projects in the coming year.

World-class education

Mr. Speaker, providing our young people with a world-class education will position them for success. This leads to improved economic outcomes as our young people develop the skills to be successful in achieving their career goals.

Learning is supported by the physical condition, design and management of our schools. Ensuring that schools are healthy and well-maintained play an important supporting role in ensuring this happens.

Mr. Speaker, our government will invest a total of \$70.6 million in our K-12 infrastructure.

The investments being made in our education system were prioritized based on a consistent evaluation framework that considered capacity needs, local demographics, condition and life-cycle of our existing schools. Through this process, investments will be made that will see the continued construction of new schools, and for the maintenance and capital improvements at our existing schools.

We have struck a balance between meeting the current and future needs of our students while also taking a financially responsible approach that ensures our young people are not left with the bill years down the road.

Energized private sector

Mr. Speaker, strategic and well-planned investments in our roads and bridges can support improved economic outcomes. Proper maintenance can also save money over the longer-term and can be reinvested in further improvements to our transportation network. To maximize taxpayers' value for money, we continue to

take an asset management approach when managing our transportation assets and prioritizing our needs.

Today's budget includes \$279.3 million for the maintenance and improvement of our highways, roads and bridges around the province. An additional \$30.9 million will be invested in the maintenance and improvements of our buildings and other infrastructure.

Mr. Speaker, taking a financially responsible and consistent approach means that business can plan around a predictable level of government capital spending and can make better decisions in a stable and predictable environment.

Being fiscally responsible and staying the course from our initial multi-year plan provides our road builders, contractors and suppliers with the clarity needed to make the best decisions for their businesses.

Our government is also committed to timeliness of tenders. We will improve the system so that tenders are completed throughout the winter, and projects are shovel-ready for spring.

Affordable and responsive government

Mr. Speaker, today's budget builds on a sustainable financial path that was established when I tabled our government's first capital budget last year. While we have been successful in managing our finances and have sent a strong signal to the financial community that New Brunswick can get its fiscal house in order, we know that it is not a one-year exercise.

To truly become an affordable and responsive government, we must remain disciplined in our approach when considering our priorities. Moving away from this

approach will only lead to a return to the same fiscal challenges and concerns raised by the financial community over much of the last decade.

The plan we have outlined today continues the approach we took last year. We are showing continued discipline, we are being transparent, and we are managing within the budget we have set.

We continue to rely on effective asset management principles and recognize that we may need to adjust to address emerging priorities. In doing so, we remain focused on the ongoing maintenance of our infrastructure and planning for future needs.

The five-year capital plan that I am outlining today maintains spending at an appropriate level and one we can afford.

Our government has made choices in areas we consider priorities.

This plan reflects projects that are well underway and plans for future needs as current projects are completed.

Conclusion

Mr. Speaker, we can be proud of the progress we have made over the last year to restore balance to our finances. By being responsible financial managers, we are now on track to see a decline in net debt for the first time in 13 years. Despite this progress, we recognize that net debt remains too high and we need to remain diligent about balancing our spending against our revenues.

By being responsible, making hard but necessary choices and living within our means, we are putting New Brunswick in a position where we will have the financial flexibility to tackle tomorrow's challenges head-on.

New Brunswickers understand the need to make difficult decisions when you have competing priorities and a limited budget. They expect their government to behave in the same way and manage their tax dollars responsibly. This is not a one-year task.

Today's capital budget is about setting priorities, providing value for money to New Brunswickers by investing in areas where the need is the greatest, and remaining disciplined in meeting our financial objectives.

The decisions we have taken today continue the progress we have made over the last year and will lead to a better tomorrow for our province.

We have created a foundation that we can build on – a foundation that will benefit future generations.

Today is another step towards a better tomorrow for our children and grandchildren.

Mr. Speaker, I hope you see that this capital budget is about being consistent in our planning. It sets a predictable trend which our government believes will translate into a long-term stable capital investment framework for our province. It forces us to make choices based on facts forged from the needs in the form of asset-based calculations as opposed to the political feeling of the day.

Thank you, Mr. Speaker.

MULTI-YEAR INFRASTRUCTURE PLAN

Thousands

\$

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	Budget	Plan	Plan	Plan	Plan
Department					
Agriculture, Aquaculture and Fisheries.....	1,000	700	600	600	600
Education and Early Childhood Development.....	70,585	70,476	64,278	64,940	65,540
Environment and Local Government.....	1,000	1,000	1,000	1,000	1,000
Health.....	123,872	127,155	145,377	145,725	138,890
Legislative Assembly.....	50	50	50	50	50
Natural Resources and Energy Development.....	5,528	3,331	850	850	850
Post-Secondary Education, Training and Labour..	6,100	6,100	6,100	6,100	6,100
Regional Development Corporation.....	40,000	41,250	35,000	30,000	30,000
Service New Brunswick.....	3,767	-	-	-	-
Social Development.....	12,000	12,000	12,000	12,000	12,000
Tourism, Heritage and Culture.....	10,120	8,700	4,600	4,000	4,000
Transportation and Infrastructure.....	325,160	328,250	329,280	331,510	337,650
Total - Capital Expenditures.....	599,182	599,012	599,135	596,775	596,680