

2008-2009 Capital Budget

Budget de Capital pour 2008-2009

Hon. / l'hon. Victor Boudreau
Minister of Finance / ministre des Finances

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Capital Budget 2008-2009
Hon. Victor Boudreau, Minister of Finance
December 11, 2007

Mr. Speaker, it is my honour and privilege to stand in the House today and present the capital budget for 2008-2009. Before I present some of the details of the capital budget, I would like to update my colleagues on the 2007-2008 economic and fiscal pictures.

Economic and Fiscal Update

Mr. Speaker, as you and my colleagues well know, New Brunswick is not immune to the economic peaks and troughs of the global economy. This is reflected in the challenges faced by the forestry sector and the impact of the strong Canadian dollar. Despite these challenges, the overall New Brunswick economy continues to perform well in 2007. Our budget projection of 2.3% growth in the economy remains on track. Year-to-date, the provincial unemployment rate is at its lowest level in over 30 years and employment growth is strongest among the provinces. Investment growth is projected to lead the country, and retail sales and wages and salaries have been strong as well. This is positive news for the province.

We have more positive news, Mr. Speaker. We are committed to balanced budgets and strong fiscal management, and today's fiscal update reflects that commitment. I am pleased to announce that the government is now projecting a surplus of \$78.9 million this fiscal year. Since budget, we have experienced revenue growth supported by a healthy economy. In total, revenues are estimated to be \$120.2 million higher than budget.

Mr. Speaker, revenue growth has been strengthened by a number of factors:

- metallic minerals tax revenue is anticipated to increase by \$30 million from budget, based on strong world zinc markets and prices;
- the strong economy and employment growth have contributed to increased revenues from other taxes of an estimated \$36 million, and
- over \$50 million in additional funding is related to the federal budget, which was tabled in March 2007, after our budget. This includes changes to the federal Equalization Program.

At the same time, we continue to be fiscally responsible, ensuring that we have the financial resources to offset additional spending. Expenses are projected to increase by \$78.4 million above budget. Additional funding of \$14.5 million has been provided for regional and community development projects occurring around the province, \$14.0 million has been provided under Business New Brunswick's Strategic Assistance Program, and \$10.0 million relates to Regional Health Authority (RHA) deficits. We are also being prudent by including \$35.0 million to protect against potential spending pressures that could occur by year-end.

Mr. Speaker, we will be tabling supplementary estimates today that will deal with additional spending in 2007-2008 along with tabling supplementary estimates for 2006-2007.

Mr. Speaker, there are a number of uncertainties that can affect our revenues and spending before year-end, including ongoing developments with NB Power, public sector pension plan returns, additional RHA deficits and other spending pressures. We are being prudent fiscal managers by recognizing these uncertainties in our forecast.

Moving forward, we will continue to face financial challenges. Without corrective action, the costs of health care, education and other services will outpace revenue growth. I can assure my colleagues that we will continue to make the necessary decisions that will enable us to invest in the priorities of New Brunswickers and move us on the path to greater self-sufficiency in a fiscally responsible manner.

Mr. Speaker, the financial results I have just detailed are positive developments for the province. These results provide a solid financial foundation, which will help us to make the strategic investments required to be self-sufficient in New Brunswick.

In particular, Mr. Speaker, the achievement of self-sufficiency will require significant strategic investments in our transportation network, our schools, hospitals and post-secondary institutions, and in developing key sectors of our economy.

We cannot do this alone. We need a strong partnership with the federal government, with local governments and with the business community. We believe that these investments are an essential part of the foundation for a strong, competitive and self-sufficient provincial economy.

In our *Action Plan to be Self-Sufficient in New Brunswick*, we committed to focus our resources and efforts to transform our economy, our workforce, our relationships and our government. We will invest in strategic infrastructure that drives economic development. We will also transform the way in which government addresses the road and public infrastructure needs of New Brunswick.

Capital Budget 2008-2009

The time for transformative change begins now.

Mr. Speaker, I am very pleased to inform the House that the capital budget for 2008-2009 is \$486 million.

Excluding the one-time Trans-Canada Highway payment in 2007-2008, the 2008-2009 Capital Budget is the largest in New Brunswick history.

Our government, as part of its *Action Plan to be Self-Sufficient in New Brunswick*, and its *Charter for Change*, is committed to improve highways that connect rural and urban areas and improve the flow of industrial goods.

Mr. Speaker, the focus of our 2008-2009 Capital Budget is on the rehabilitation of the province's existing highway and bridge infrastructure. With today's capital budget, our government is moving from the current approach of road infrastructure management to an Asset Management System. Last week, the premier provided us with some of the background on this award-winning and innovative system. I join him in congratulating my colleague, the Minister of Transportation, and his very capable department for their hard work in bringing about this transformation.

The Asset Management System will result in an investment of \$178 million in rehabilitating the province's existing network of highways, bridges and roads. This is \$132 million more than was budgeted in 2007-2008.

Mr. Speaker, we recognize that there is a financial cost associated with building and maintaining strategic infrastructure.

If I could use a simple analogy, as homeowners, we make strategic investments like replacing roofs to ensure that we not only protect our initial investment but that we can benefit from it for years to come.

If we are to achieve self-sufficiency, we must make the required investments in our transportation, public and economic sectors now. That being said, the government remains committed to meeting its balanced budget obligations under the *Fiscal Responsibility and Balanced Budget Act*. And, we will continue to manage the Province's net debt in a responsible manner.

Mr. Speaker, in 2026, New Brunswickers are going to look back at our investments in infrastructure and say that we did our part in moving New Brunswick forward. Under Premier Shawn Graham's leadership, we will put strategic infrastructure at the forefront of the government's agenda. With today's 2008-2009 Capital Budget, we are taking the initial steps to implement our vision for the future self-sufficiency of our province.

Mr. Speaker, I will now turn to the highlights of the 2008-2009 capital estimates.

As I mentioned earlier our capital budget for 2008-2009 is \$486 million. This significant, strategic investment reflects our continued commitment to building a proud and self-sufficient New Brunswick.

Mr. Speaker, if we want our economy to continue to grow, we need to increase our population. People will only come to New Brunswick and stay in our province if they can be assured access to quality health care and a quality education system.

As a government, we must ensure that we balance the requirement to invest in strategic economic infrastructure with the need to build and maintain an adequate social infrastructure.

We must make strategic investments in our health care facilities and schools today while ensuring that we keep in mind our vision of New Brunswick in 2026. Our goal is to continue to invest and maintain our infrastructure so that we can move our economy forward. Safe, efficient, sustainable and affordable infrastructure is fundamental to New Brunswick's economic prosperity and quality of life.

By ensuring that we invest in new strategic infrastructure while maintaining our existing infrastructure, we will help drive economic development in all regions of the province. These strategic investments will be made with the needs of future generations in mind.

As always with a capital budget, individual ministers will provide the specifics of the various projects. I can tell you that my colleagues will be eager and proud to share the details when their estimates are debated.

Transportation Infrastructure

Having said that, Mr. Speaker, I would like to elaborate on some of the important projects being announced today.

With today's 2008-2009 Capital Budget, our government is making significant investments in our highway and road infrastructure across the province.

We are investing \$325.8 million on our roads and highways. These substantial investments will allow us to strategically build new highway infrastructure while making timely investments in our existing infrastructure.

Our capital investment in transportation includes:

- \$245.0 million for roads and highways, of which \$178 million is committed to projects under the new Asset Management System;
- \$53.5 million for the National Highway System as part of the first phase of a \$414 million cost-shared agreement with the federal government that will see investments in Routes 1, 7, 8 and 11; and
- \$27.3 million for the Canada/N.B. Border Infrastructure Program that will see the completion of a new international bridge at St. Stephen and a four-lane divided highway between Waweig and the Canada/U.S. border.

Health Care

Mr. Speaker, health care continues to be a priority for New Brunswickers and for our government. That is why we are making a \$57.5 million capital investment in health care for 2008-2009.

This investment includes:

- \$20.7 million for capital construction, including funding to commence:
 - construction of a single storey addition to the Saint John Regional Hospital for a new emergency services department;
 - renovations at the Dr. Georges L. Dumont Regional Hospital in Moncton to accommodate the new French-language medical doctorate program;
 - renovations at the Dr. Everett Chalmers Regional Hospital in Fredericton, the Miramichi Regional Hospital, the Moncton Regional Hospital and the Saint John Regional Hospital to accommodate the new English-language medical doctorate program;
 - a major expansion at the Dr. Georges L. Dumont Regional Hospital in Moncton;
 - renovations to the Chaleur Regional Hospital in Bathurst for a new central sterilization room, and
 - construction of a new community health centre in Rexton to replace the existing facility.
- \$19.2 million to purchase four linear accelerators in an effort to reduce patient waiting times for radiation therapy;
- \$13.2 million for capital equipment, including diagnostic and medical equipment; and
- \$4.4 million for various capital improvements and renovations to the existing health-care infrastructure.

We will also be moving forward with a public-private partnership to construct a new psychiatric hospital in Campbellton to replace the existing facility.

Education

Mr. Speaker, in June 2007, a new public education plan for New Brunswick was unveiled by Premier Shawn Graham and my colleague, Education Minister Kelly Lamrock. *When kids come first* is our government's vision for building the best education system in the country.

This plan contains eight commitments with over 140 specific actions that will move New Brunswick toward becoming a leader in education. One of these commitments is to create healthy and safe schools. I am very pleased today to announce that we will provide funding toward that recommendation.

We will make a \$41.6 million capital investment in our K to 12 schools in 2008-2009. The Minister of Education will provide more details, but the \$41.6 million includes:

- \$25.7 million for strategic investments in schools around the province, including the continuation of the Kimble Drive School in Fredericton and the Upper Miramichi School, and
- \$15.9 million in funding for major upgrades and renovations to our existing schools.

This funding will ensure healthy and safe schools and will improve the quality of the learning environment for students and teachers.

Mr. Speaker, in addition to investing in our K to 12 schools, this government will continue to invest in our community colleges. The estimates contain \$3.0 million for the completion of two major projects started in 2007-2008.

Tourism

Mr. Speaker, as part of government's *Action Plan to be Self-Sufficient in New Brunswick* we identified the need to enhance the visitor experience by making investments to revitalize and expand key tourism infrastructure.

This capital budget will see a \$5.5 million investment in the province's tourism infrastructure, an increase of \$3.8 million over 2007-2008 revised spending.

These investments will be focused on the province's key tourism assets including Kings Landing, Village Historique Acadien, Mount Carleton Provincial Park and Sugarloaf Provincial Park.

Municipal Infrastructure

Mr. Speaker, the provincial government is committed to working with all municipalities. A self-sufficient New Brunswick requires strong communities. With today's capital budget, we have placed a strategic focus on infrastructure for municipalities and rural communities. Our capital investment includes:

- \$9.8 million under the Canada/N.B. Municipal Rural Infrastructure Fund, which will provide funding to improve municipal infrastructure, with a focus on ensuring safe drinking water and more effective waste management systems;
- \$5.8 million under the Provincial Gas Tax Transfer Top-Up Fund, which will provide for infrastructure improvements in municipalities and unincorporated areas across the province, and
- \$500,000 for Local Service Districts for the construction and renovation of fire halls and other facilities.

Safety and Security

Mr. Speaker, the government's responsibility for ensuring the safety and security of the public extends beyond our highways and schools. It also includes public buildings and other public infrastructure. Ensuring that people feel safe and secure where they live and work is an important part of government's self-sufficiency agenda. We take our responsibility seriously, which is why we are making the following investments in 2008-2009:

- \$14.0 million to upgrade the provincial fleet of vehicles including school buses and snow plows;
- \$4.8 million for various capital repairs and upgrades to provincially-owned buildings;
- \$2.2 million to complete a new Provincial Fish Health Laboratory in St. George;
- \$2.1 million to construct a new district office for the Department of Natural Resources in Kent County;
- \$2.0 million to continue necessary upgrades to the Legislative Assembly building;
- \$1.9 million to rehabilitate dams in the Musquash watershed, and
- \$1.2 million to repair and rehabilitate bridges on the Sentier NB Trail system.

In addition, we are moving forward with public-private partnerships to construct new courthouses in Moncton and Saint John. We will also be exploring options for adding capacity to our system of detention centres.

Conclusion

Mr. Speaker, with today's 2008-2009 Capital Budget, we are embarking on a period of transformational change that will lead us to self-sufficiency. We will be a "have province," creating more of our own wealth and providing our people with the opportunities they need here at home.

To achieve self-sufficiency, we need new thinking and new ideas. The capital investments that I have outlined today clearly show that we are committed to providing the leadership to achieve this goal.

We have fostered a strong working relationship with the federal government in regards to our self-sufficiency plan, and we are certainly optimistic that it will play a key role in helping New Brunswick become a self-sufficient province by 2026. A stronger New Brunswick makes for a stronger Canada.

Thank you, Mr. Speaker.