

2002-2003 CAPITAL ESTIMATES

Province of New Brunswick

HON. PETER MESHEAU

MINISTER OF FINANCE

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Speech/ 2002-2003 Capital Estimates

Mr. Speaker, I am pleased today to present the 2002-2003 Capital Estimates for consideration by the Legislative Assembly as part of this government's plan to secure our future.

The 2002-2003 Capital Budget is designed to invest wisely in key strategic infrastructure that will not only help create jobs for New Brunswickers today, but help secure our economic and social future tomorrow.

As I set out in the Financial and Economic Update, we are in the midst of a national and international economic slowdown. New Brunswick is not immune to its effects. Slower economic growth means slower growth in revenues.

This means more than ever that we must make clear financial choices based on clear public priorities. New Brunswickers know this and New Brunswickers respect this. That's why, for this government, those priorities are clear: we will invest in health care, education and jobs. It's what we have done this past two years and what we will continue to do.

As a government and as a province, we must continue to manage smarter, live within our means, and balance our books. As difficult a challenge as this is, it is a challenge we will meet on behalf of all New Brunswickers.

Today's capital budget meets that challenge. It can be summed up in two words: investing more.

Today, we are announcing more investments in health care, education, jobs and growth to meet the clear priorities of New Brunswickers. We are investing more in our regions and our communities.

Mr. Speaker, let me point out some highlights of the 2002-2003 Capital Budget:

The gross capital budget is \$261.7 million - a 33 per cent increase from last year's budget.

The transportation capital budget is \$172 million - \$55.4 million more than last year's budget and a year-over-year increase of more than 47 per cent.

The education capital budget is \$34 million and includes \$25 million for the third year of this government's four-year, \$100 million Healthy Schools program.

The capital budget sets out clear commitments to proceed with two key projects necessary to improve our economic and social infrastructure: completing the twinning of the Trans-Canada Highway through to the Quebec border and taking the first step in building the new Stan Cassidy Rehabilitation Centre.

More than 4,000 jobs will be created or maintained as a result of total capital spending under this budget.

Despite today's difficult financial situation, all previously announced capital projects will be completed. We will secure our future by meeting our commitments to create jobs and growth for New Brunswickers. We will also invest more in health care and education.

Guiding Principles

Mr. Speaker, before providing the details of our capital expenditures for the next fiscal year, I want to set out four guiding principles we have used in determining those expenditures.

First, manage smarter, live within our means and balance the books. We must continue to manage our finances prudently, knowing that higher deficits lead to higher taxes; that the financial decisions we make today are the financial legacy we leave our children tomorrow.

Second, build only what we need and make sure that we can adequately maintain what we already have. With limited financial resources, we must ensure that we focus our capital investments on real priorities that we can really afford.

Third, ensure health, safety and environmental improvements are paramount. From healthy schools to safe roads, from health care facilities to "green infrastructure," capital investment priorities must reflect these clear needs.

Fourth, invest in long-term competitiveness. Strategic infrastructure is a building block to economic prosperity. We must ensure that we focus our capital investments on building the right kind of strategic infrastructure that supports jobs and growth in today's global economy.

Investing More in Strategic Infrastructure

Mr. Speaker, as I noted, I am pleased to inform the House that the gross capital budget for the coming fiscal year is \$261.7 million. It represents a budget-over-budget increase of \$64.5 million. This amount is 33 per cent higher than last year's budget. This represents the second consecutive capital budget increase as our investments rise to meet infrastructure needs and help compensate for declining private sector capital investment.

The capital estimates are another example of keeping our commitments to New Brunswickers. Last year the government committed to new capital investments aimed at protecting the health and safety of people where they live, where they learn, where they work and do business, and where they travel.

This year we will fund all of the multi-year projects that were announced last year. No project already under way has been shelved. We will invest more and keep our commitments.

During presentation of their estimates, individual ministers will provide the specifics of the various projects to be undertaken in rural and urban areas throughout the province. Today I will share the highlights of our capital investments aimed at securing our future, and investing in the priorities of health care, education and jobs.

Investing More in Health Care

Mr. Speaker, investing more in health care is a key priority of this government. We have done so each and every year in office and will continue to do so.

Today, I am pleased to announce \$11.5 million in health care capital expenditures in the 2002-2003 fiscal year. This includes:

- \$5.7 million for capital equipment, including an angiography system needed at the heart centre in Saint John to assist in the diagnosis of cardiac patients;
- \$2.5 million for repairs, upgrades and renovations to various health care facilities around the province, and
- \$1.8 million for various capital improvements and renovations already started at the hospitals in Grand Falls and Bathurst and at the Restigouche Centre in Campbellton.

I am particularly pleased that today's capital budget announcement also includes \$1.5 million so that planning and design work can begin as soon as possible for the new Stan Cassidy Rehabilitation Centre in Fredericton.

Mr. Speaker, this is not just a financial commitment on the part of this government, but a social commitment to the patients who need this facility, the staff who work in it, and the families who rely on it.

Mr. Speaker, today that commitment is made. Today, we are taking the first, necessary step to replacing this outdated facility.

The Minister of Health and Wellness will provide further details concerning each of these capital investments in our health care system.

Investing More in Education

Mr. Speaker, we all know the vital importance of education to our youth and to the future of this province. We have invested more in education each and every year in office and will continue to do so.

I am pleased to announce the following new investments in education for our schools and community colleges:

- \$34 million in capital funding for New Brunswick's schools, including \$25 million for the third installment of our four-year, \$100 million commitment to the Healthy Schools program;
- \$2 million for repairs and renovations to the community colleges, part of a strategic, multi-year approach that started in the 2001-02 capital budget to improve and modernize these facilities;

- within these totals, we will spend \$2 million as part of our plan to provide broadband Internet capability to all of our schools by 2003, and \$500,000 to expand this capability in our community colleges as part of this government's eNB strategy.

These investments reflect our commitment to health and safety concerns through our Healthy Schools program as well as building strategic infrastructure through our broadband initiative that enhances educational possibilities for our students. The Minister of Education and Minister for Training and Employment Development will provide additional details on these projects during their capital estimates.

Investing More in Regions and Communities

Mr. Speaker, we know that other important community needs exist in all corners of our great province. We have made choices based on clear public priorities. We will commit funds to health and safety issues and to maintain the long-term integrity of our infrastructure. And we will do so by keeping our commitments.

Mr. Speaker, last year this government announced two building projects that were long overdue. Despite current financial difficulties, we are keeping our commitments and will follow through on these projects.

One is the new Miramichi courthouse. A sod-turning ceremony was held this fall for a new courthouse and detention centre. It will be bigger, better, safer and more accessible to people with disabilities than the current, outdated building.

I am pleased that the 2002-2003 capital budget contains \$5.8 million for ongoing construction costs for the new courthouse, Mr. Speaker. When finished in the summer of 2003, the justice department staff, the judiciary, the police forces and the public will have an excellent new facility to use.

Another important project has been undergoing design work. This is the new archives repository adjacent to the Provincial Archives building in Fredericton. The preservation of our documentary heritage is extremely important, Mr. Speaker.

The new building will provide the space and the environmental conditions suitable for our thousands of historical records, maps and photographs. Today's capital budget contains \$4.5 million to complete the addition that is badly needed and richly deserved.

Mr. Speaker, investment in "green infrastructure" is part of our commitment to regions and communities. Working with the federal government and municipalities, the government will invest more to ensure safe drinking water, wastewater systems, water management and solid waste management to benefit the people of New Brunswick.

I am pleased to inform the House that we will maintain our level of investment this year in “green infrastructure” projects under the Canada-New Brunswick Infrastructure Program Agreement. Under this \$163.5 million partnership, matching contributions to the program are made by the federal, provincial and municipal levels of government.

Today’s capital budget sets aside \$10.6 million in provincial expenditures under this infrastructure program. Residents throughout the province will benefit greatly, Mr. Speaker, when you consider that every \$10 million we invest becomes \$30 million with the matching funds from the other levels of government.

In addition to this federal-provincial program, we have also decided to double the funds under the Regional Economic Development Agreement for economic development projects. Last year the government budgeted \$5.3 million under this important program.

Mr. Speaker, I am proud to say that, this year, the government will provide \$10 million for REDA capital projects. This will leverage federal funds that can help us maximize the dollars we spend in regions and communities around the province.

Appropriate ministers will provide further details during presentation of their estimates, but I am pleased to highlight over \$8 million in further specific regional and community infrastructure improvements. These include:

- \$4.0 million for capital repairs to improve the health and safety of government buildings;
- \$1 million in capital projects under the Acadian Peninsula economic development initiative;
- \$1 million to continue the rehabilitation of earth dams in the East Musquash watershed;
- \$957,000 for Local Service Districts to pay for items such as capital renovations to fire halls and improvements to fire department equipment;
- \$500,000 for Clean Water Control Grants;
- \$500,000 to make much-needed repairs to various facilities in our provincial parks;
- \$323,000 for additional infrastructure upgrades to enable the 2003 Canada Winter Games to be the best that they can be; this will benefit our young athletes and the communities on the Baie des Chaleurs where the Games will be held;
- \$300,000 for replacement and maintenance of aboiteaux to help prevent flooding of farmlands and highways.

Investing More in Transportation

Mr. Speaker, our road and highway network is a critical part of our strategic infrastructure network. Our highway system transports us to work, school and play. Our highways carry our goods to market and bring tourists to enjoy our province.

Our largest area in capital expenditures is therefore roads and bridges. Safe, efficient roads are paramount for our people and our economy. By investing in this priority, we can improve our roads and highways, enhance the safety of motorists, and create jobs for New Brunswickers to build and maintain this infrastructure network.

That is why I am pleased to announce significant new investments in our highways and roads. The gross capital budget for transportation in 2002-2003 is \$172 million.

Mr. Speaker, this is \$55.4 million higher than last year's budget, an increase of just over 47 per cent.

The Minister of Transportation will provide specific details of where and how these additional funds will be spent throughout the province. The government's priority focus is clear.

First, there will be a major increase in funds dedicated to completion of the twinning of the Trans-Canada Highway. Spending under the Highway Improvement Program is rising from \$40.9 million last fiscal year to \$86 million in 2002-03.

Second, all federal funds now available under this program will be fully expended by March 2004. By managing the capital budget more smartly over the past two years, the Province is now in a position to fully commit its share of funding to ensure all federal and provincial dollars for twinning the Trans-Canada Highway under this program are spent.

Mr. Speaker, the government is also taking advantage of a new, four-year, cost-shared national program called the Strategic Highway Infrastructure Program (SHIP). New Brunswick's total allocation under this program is \$29.2 million, of which the provincial share is \$14.6 million. We have accelerated our contributions under this program to ensure we can leverage those federal funds beginning this year in order to create jobs and growth for New Brunswickers.

Mr. Speaker, twinning the Trans-Canada Highway from border to border in New Brunswick is a top infrastructure objective for this government. This is essential to ensure our highway system is safe and enhances our competitive economic position as a province.

Premier Lord and the Minister of Transportation have lobbied repeatedly for the federal government to support a new highway construction program that would allow us to meet this goal. To date, the provincial government has contributed 78 per cent of the funding towards twinning the Trans-Canada, compared to only 22 per cent for the federal government.

Upon completion of the current federal-provincial agreement, two sections remain as two-lane highway. These sections are 30 kilometres between Longs Creek and Pokiok, plus 99 kilometres between Woodstock and Grand Falls. We want to finish twinning those two sections, and we want to do so as rapidly as possible.

We need Ottawa's help to finish the job. By the end of March 2004, there will be no further federal funding available for New Brunswick's share of the Trans-Canada Highway. New Brunswickers want - and New Brunswickers - deserve a renewed federal commitment to partner with the Province to achieve our goal. The goal is a fully-twinned, four-lane Trans-Canada Highway from border to border in New Brunswick as early as 2006, depending upon the level of commitment by the federal government.

We are ready to commit to our share. Now it's up to the federal government to do the same.

Mr. Speaker, the transportation capital budget also contains significant investments in provincial roads, bridges, and designated highways within municipalities. Funding for construction of local roads and bridges will increase by 5.7 per cent to \$80 million. The funds will be spent to maintain the long-term integrity of our infrastructure.

Coming from a riding with many secondary roads, I have no doubt this is welcome news to the road builders and to people who reside in rural New Brunswick.

Furthermore, we have improved the allocations to municipal designated highways from \$6 to \$12 million. Maintenance and rehabilitation of these provincial highways, located within various municipalities, is of obvious importance, Mr. Speaker. The future of such highways has been a topic for discussions through the local governance roundtable and, by increasing our investment, we will ensure municipalities are treated fairly.

Investing Fairly and Openly

Mr. Speaker, to secure our future we need to invest in clear public priorities. One of those priorities is a safe, efficient highway and road system. That is a priority New Brunswickers have set. But they know this does not come without a cost.

Unfortunately, that cost is not always apparent. Past governments, federal and provincial, have not been as open and fair with New Brunswickers about just what this means. Gasoline and diesel fuel taxes have been levied without accounting transparently for how the dollars have been spent.

We believe that if you are open and honest with people, they will understand your objectives. While no one wants to pay more in the way of taxes, people can and will understand there is sometimes a need to do so, particularly when they know exactly how the money is used.

At a time when securing our future means securing jobs, additional road and highway construction is necessary. But we must, together, help pay for it.

That is why I am announcing a small increase in the tax on gasoline and the tax on diesel fuel to raise some of the additional revenue needed to invest more in our roads and highways.

Effective at midnight tonight, the gasoline tax rate will rise by 2.3 cents from 10.7 cents per litre to 13 cents per litre.

As for diesel fuel, Mr. Speaker, the current rate in our province is 13.7 cents per litre. Effective at midnight tonight, the motive fuel tax rate will increase 1.7 cents to 15.4 cents per litre.

Even with this increase, New Brunswick will remain tied, with our neighbours on Prince Edward Island, for the lowest gasoline tax in Eastern Canada. We will remain tied with Nova Scotia for the second-lowest diesel tax in Eastern Canada.

Together, these tax increases will raise approximately \$30 million over the course of the upcoming fiscal year. I want to assure New Brunswickers that all of these dollars will be spent on highway and road improvements. The budget documents clearly show this to be the case.

Mr. Speaker, we are being open and fair in asking New Brunswickers to pay a little more to give our province the best highway and road system we can have. In return, we will be open and fair in telling New Brunswickers what we will do with their money.

The government will therefore create a New Brunswick Road Improvement Fund. It will have three key features:

First, all gasoline and diesel fuel tax revenues collected by government will be deposited into it. Every dollar, every penny.

Second, all monies deposited in this fund will be spent on highway and road construction, repair, operations and maintenance. Every dollar, every penny.

Third, all monies deposited into, and spent from, this fund will be audited, and will be accounted for separately as an individual line item in each year's provincial budget. Every dollar, every penny.

For the first time, New Brunswickers will now know once and for all that gas and diesel fuel taxes raised for highway and road construction, repair, operations and maintenance will actually go directly to highway and road construction, repair, operations and maintenance. There will be no exceptions.

In the 2002-2003 fiscal year, revenues in the New Brunswick Road Improvement Fund are projected to be \$215 million. This will include any and all additional revenue generated from today's gasoline and fuel tax increase.

This new fund will help bring security and stability to provincial budgets for highway and road construction, repair, maintenance and operations. It will bring greater stability and predictability to road builders looking to plan their work each year.

Mr. Speaker, this is a first for New Brunswick. It should be a first for Canada. In 2000-2001, the federal government collected \$127 million in New Brunswick through gasoline and fuel taxes but invested only \$10 million in return. A fairer proportion spent by the federal government would mean less required by the provincial government to make up the difference.

The federal government should follow suit in its forthcoming budget and make the same commitment to the people of this province as we have done today. I am therefore calling upon

the federal Minister of Finance to dedicate any and all federal excise taxes on fuel used in New Brunswick to improve New Brunswick's highways. They should do so openly and fairly, just as we are doing.

Investing in Our Future

Mr. Speaker, despite an increase in the gross capital budget of 33 per cent over last year, I know that some people will say the government has not done enough.

The demand always exceeds the dollars available. It always has, and perhaps it always will. However, this government has carefully weighed the need for improved infrastructure with the need for a balanced budget.

In my financial and economic update, I spoke of a large and looming deficit unless we deal with it seriously in a focused way. We will. We are determined to demonstrate fiscal discipline and to live within our means. We have made every effort to be strategic in our capital investment decisions – not just for today, but for tomorrow.

Mr. Speaker, as the philosopher Ralph Waldo Emerson said: “The future belongs to those who prepare for it.” This government is preparing for the future. That is why I will be pleased to outline the 2002-2003 Main Estimates for the Province on March 26, 2002.

As we develop that budget, we will act decisively. We are making difficult choices and taking corrective action to deal with the fiscal challenges. We will explain in a straight-forward way what we need to do and why. Our actions will be clear and transparent. They will be open and fair.

Mr. Speaker, in preparing the main estimates, the government will focus on New Brunswickers' priorities of health care, education and jobs. We will continue to exercise fiscal discipline and prudent management as, together, we work our way through this economic slowdown and take the steps to secure our future.

By working together with our fellow New Brunswickers to secure our future, we can achieve our common goal. Our goal is well worth seeking, Mr. Speaker. Our goal is a more prosperous, competitive and compassionate province. Today, we are another step closer.

Thank you, Mr. Speaker.