

December 18, 2014

[Original]

Hydraulic Fracturing

Mr. Fitch: What we saw in the news conference that was held by the Premier this morning, the banning of the natural gas industry here in New Brunswick, certainly shows once again that what the Liberals say and what the Liberals do are two different things. This morning, the Premier said in the press release that jobs are their number one priority, yet, by banning the opportunity for natural gas to come to New Brunswick and banning the existence of companies that are already in New Brunswick, he is showing that his number one priority is the Liberal platform.

I want the Premier to explain how the policy that he brought forward today to ban hydraulic fracking here in New Brunswick is not directly the opposite of what he says is his number one priority, which is jobs and the economy. The banning of hydraulic fracturing in New Brunswick is diametrically opposed to creating jobs, as the Premier says...

Mr. Speaker: Time, member.

[Translation]

Hon. Mr. Gallant: I very much appreciate the question put to me. I realize the Leader of the Opposition was not present at our press briefing, which took place earlier this morning, so I will clarify certain aspects of our announcement. I said very clearly, during this press briefing, that our moratorium is not a ban. The Leader of the Opposition used the word “ban”—“interdiction” in French. Our moratorium is not a ban, but rather a temporary shutdown of all types of hydraulic fracturing in New Brunswick. I wanted to clarify first what the Leader of the Opposition said about this.

It is also very important to remind the Leader of the Opposition that our priority is to create jobs and grow the economy. Of course, we want to do all of this in a responsible and sustainable way, and we are confident that we can do it by diversifying our efforts and investments when it comes time to create jobs. As we saw yesterday in the capital budget tabled by the Minister of Finance, this is exactly what we will do.

[Original]

Mr. Fitch: The Premier may dance with words and try to do gymnastics to say that it is not a ban. It is a ban.



Basically, the Premier is shutting down an industry here in the province. How can he say that jobs are the number one issue for the government when he is shutting down an industry? This ban is going to shut down the gas and oil industry here in the province. How is that not in direct conflict with and directly opposite to what he is saying?

It is a ban. It is a ban. There is no end in sight with this moratorium. There are five conditions that are so nebulous that they just make this ban indefinite. Why is this Premier going against his own number one priority, which is job creation, and inflicting a ban on the gas and oil industry here in New Brunswick that will result in job...

Mr. Speaker: Time, member.

Hon. Mr. Gallant: I gave the answer in French, so maybe I will try again in English. I realize the Leader of the Opposition was not at the press conference.

Mr. Speaker: Order.

Hon. Mr. Gallant: I can finish the answer if the opposition members will allow me. They asked something, and they said some things that I think need clarification.

As I said, this is not a ban. This is a moratorium, as we have been saying for about two years. If the opposition members had listened to us, they would have known about two to three years ago that this is a moratorium that we were talking about and that we will be putting in place.

Again, in the backgrounder that we gave the people present at the press conference... I realize that the Leader of the Opposition was not there. I quote the backgrounder: "Does the moratorium amount to an outright ban?" The answer is, and I quote: "No, the moratorium is a temporary cessation and prohibition of all types of hydraulic fracturing in New Brunswick." I really hope that, if the member opposite, the Leader of the Opposition, has questions regarding what was announced today, we can start with some of the things that we actually announced.

[*Translation*]

Mr. Fitch: I fully understand what the Premier is saying and doing today: He is banning shale gas development in the province.

[*Original*]

He is moving away from job creation and the economy. He is putting in his own agenda, which is hurting New Brunswick. Look at the investment that has been occurring in that area. Look at the jobs that have been created in that area. Look at the jobs that could be created in the future in that area. Today, the Premier has made it very, very clear that what he says and what he does are two entirely different things.



He must now change the mantra of saying that jobs and the economy are the number one priority. He must now say that he does not have a priority except for the Liberal platform and a Liberal agenda. This is what he is doing today. It is evident when he talks about the ban and when he says that the moratorium or ban will only be lifted when there is a social license.

Mr. Speaker: Time, member.

(Interjection.)

Hon. Mr. Gallant: Looking at the performance of the last government, it is very clear that they do not know what a social license is.

[*Translation*]

We have a plan to create jobs, because that is our priority. We have a plan to grow the economy, and that is why we created the New Brunswick Jobs Board and Opportunities NB and reduced the small business tax rate.

[*Original*]

It is the reason that we created the Youth Employment Fund. It is the reason that we will be investing in infrastructure. It is the reason that we will be developing a skilled workforce with a 10-year education plan. It is the reason that we are going to have more women appointed to agencies, boards, and commissions. It is the right thing to do, and it will deliver better results. It is also why we support the LNG terminal conversion, the Sisson mine, and many other natural resources and energy projects.

The member opposite, the Leader of the Opposition, keeps talking about us implementing our platform. Again, I recognize that the past government does not know what it is to actually implement the platform of a campaign.

Mr. Speaker: Time, Premier.

Mr. Fitch: Where did the Premier get the social license to support the Energy East Pipeline project? Where did he get the social license to support the Sisson Mine project? Where did the Premier get the social license to support the LNG terminal?

Hon. Mr. Gallant: I will recognize that the Leader of the Opposition is trying to make a point on which I do agree. It is hard to define “social license”. I will not argue with that, and it is a conversation that we are having as a nation. People are having a conversation on how to define “social license” in many jurisdictions. I will give that point to the Leader of the Opposition. That is, at times, difficult to define.



What I can tell you is that, when I go around the province, which I have done several times... I would argue, I am sure, that the opposition has done the same. I can certainly assure you that the members of the government have done that. We have heard vast support for the Energy East Pipeline project. We have heard vast support for the Sisson mine. We have heard vast support for the LNG terminal conversion, and we have certainly heard vast support for our priority of creating jobs. That is exactly what we will do, day in and day out—focus on our priorities so that we can not only create jobs to help New Brunswickers stay here but also get our finances in order, and we can help families who are struggling in our province.

Mr. Speaker: Time, Premier.

Mr. Fitch: Therefore, the Premier is saying that, if it is easy to do, that is his social license. If there is someone who protests or someone who is against a particular item, then he does not have a social license.

I have been around the province too, and I have talked to many people who are in favour of a shale gas industry in New Brunswick. In fact, on Monday, I was in Sussex with some colleagues from that area, a couple of MLAs. We attended a press conference. Timberparts Ltd., Kings County Mechanical Ltd., and Corridor Resources were there, and they support a shale gas industry in New Brunswick. Why are you ignoring those opinions and not feeling that you have a social license, because there are people who support this industry in the province?

[Translation]

Hon. Mr. Gallant: Having a social license is a condition, but I believe it is important to say that there are others. This morning, during the press conference, we listed...

[Original]

To ensure that we have clear and credible information is also a condition. This will permit us to ensure that we have a full understanding of what are the risks to our water, our environment, and our health so we could, if ever, develop the regulations that would be needed to protect New Brunswickers. We want to ensure that we have an infrastructure plan that would include not only what would be the impact to our infrastructure and our public assets, but also what would happen to the wastewater if ever hydraulic fracturing occurred.

We want proper consultation with First Nations. We have to ensure that we respect the finding of the Supreme Court of Canada that says that the Crown has a duty to consult. When it comes to natural resource and energy projects, it is important for us to ensure that we follow that. Of course, we want to ensure that one of the conditions is to maximize any potential benefit. We believe that these conditions are very reasonable, and we believe that it is the will of the province.

Mr. Speaker: Time, Premier.



Mr. Fitch: Once again, the Premier is trapping himself in his own words. He says that he wants clear and credible information, yet he admits that it is very difficult to determine whether or not he has a social license. The Premier has put himself into a situation and backed himself into a corner by making a rash promise during an election to try to get elected and now trying to say that jobs and the economy are the number one priority.

In the investment industry, when oil and gas companies make investments in a jurisdiction to try to make a return on their money, they need certainty regarding what are the rules, regulations, and bylaws in that jurisdiction. What is happening here, when we talk about social license, with no end date and time...

We talk about clear and credible information. The Premier himself has said that he has read more than anybody else in New Brunswick on the shale gas industry. How can you get clearer and more credible information than what has already been produced on this particular topic? Can the Premier explain himself?

Hon. Mr. Gallant: I am well aware that the opposition is very concerned about the oil and gas companies. I get that.

We are very concerned about growing the economy and creating jobs. We are very concerned about ensuring that we have opportunity by creating jobs and growing the economy in a sustainable and responsible way. That is exactly what we will do. We have a diversified approach, one which is balanced, one which is realistic, and one which will be fair. We are going to develop our natural resources and energy projects in a way that will be sustainable for many generations to come and in a way that we will benefit as much as possible here in the province.

We have a plan to invest in our infrastructure, to create jobs in the short term, stimulate the economy in the long term, and make New Brunswickers safe, all at the same time. We have a plan to develop a skilled workforce with the Youth Employment Fund and a 10-year education plan. We are going to have a strategy for tourism and one for immigration. We also want to ensure that we help small businesses. It is not just oil and gas companies but also the small businesses that can help, and that is what we will focus on.

Mr. Speaker: Time, Premier.

Mr. Fitch: The Premier goes on and on and on about these things. Really, the only new thing that he has brought to the table is a ban on the oil and gas industry in New Brunswick. The Liberal government has effectively shut down the whole industry.

When it comes to the risk capital that companies invest in developing oil and gas, it is very hard to come by. Many, many companies are competing to get that investment dollar to go into new wells and into new companies. The reason that we see this as an important aspect is because the people of New Brunswick want jobs. There are people in Alberta who come from New Brunswick and who are working in the gas and oil fields in that area. They have the opportunity,



potentially, to come home. They used to, until the government banned the industry. When you look at the amount of money that is needed to get wells into production and at the opportunity for jobs, the Premier and the Liberal government are shutting it down. They continue to say that it is a priority, but the reality is...

Mr. Speaker: Time.

Hon. Mr. Gallant: I will quote the backgrounder once again, because I think the Leader of the Opposition has not gotten the point yet:

Does the moratorium amount to an outright ban?

No, the moratorium is a temporary cessation and prohibition of all types of hydraulic fracturing in New Brunswick.

[Translation]

Once again, I quote our press release:

Does the moratorium amount to an outright ban?

No, the moratorium is a temporary cessation and prohibition of all types of hydraulic fracturing in New Brunswick.

I hope the opposition will take the time to review the conditions we are going to set.

[Original]

Mr. Speaker: Order.

Hon. Mr. Gallant: I really hope that they will look at our conditions and take them seriously. I believe they are important to ensure that we are going to maximize benefits for New Brunswickers, to ensure that a condition will be that First Nations will be consulted, to ensure that there will be a social license, and to ensure that we have a plan for our infrastructure. We believe that these are very reasonable. We hope that the opposition members, who clearly want this industry to go forward—and that is their prerogative—will take the time to try to convince New Brunswickers that these conditions are being met, instead of harassing us.

Mr. Fitch: The concern that I am pointing out here is a concern for the province. It is a concern for the finances of the province. It is a concern for the people who want to live, work, and raise a family here in the province.

You see, the idea that hydraulic fracturing will be allowed only after these five very subjective, very secretive, very undefined, and very nebulous conditions are met makes it clear that this



policy change is in direct contrast to what the government says it is trying to do. This moratorium looks like a ban, it walks like a ban, and it smells like a ban. It is a ban.

The point I am trying to make is that the industry needs some certainty. Right now, there is no end date as to when these issues will be met. There is no start date on when these extensive consultations will occur. That is why...

Mr. Speaker: Time, member.

[*Translation*]

Hon. Mr. Gallant: I am not sure I heard a question in what the Leader of the Opposition said, but I will still try to work with him.

[*Original*]

I am going to apologize. We probably should have sent the backgrounder and the press release to the opposition. We thought that the media stories would probably have covered that. Maybe they did not. Maybe the opposition members were not able to see the conditions outlined. Maybe they were not able to see that this is not a ban. It is a moratorium.

The Leader of the Opposition—and I really do not understand this—says that the conditions are secretive. I apologize if he has not seen them yet. I thought I had gone through them over question period. Again, we spent some time going over “ban” and “moratorium” and the differences. I feel as though this question period could have been avoidable. We could have talked about other subjects had we sent this over, so I apologize. The next time, we will certainly make sure that the opposition has the backgrounder.

With that said, the Jobs Board, Opportunities New Brunswick, small businesses getting a tax break, the Youth Employment Fund, infrastructure investment, skilled workforce, strategy for tourism and immigration... These are just some of the ways that we are going to grow the economy and diversify employment.

Mr. Fitch: I have the backgrounder. The Premier does not need to apologize to me. What he needs to do is to apologize to the people who are working in this industry and who are going to lose their jobs, apologize to the people who had the potential of working in this industry, and apologize to the people who have made significant investments in this area and whom he has just stranded in the province because he put on a ban.

Will the Premier admit... I know he will not. You know, it would be nice if he would just admit that what he has done here today is in direct contrast to what he is saying that he is trying to do. He says he wants to create jobs. He says he wants to move the economy forward, but what he has done has shut the door on jobs. He has shut the door on economic development. He has shut the door on so many things.



Again, I have the backgrounder here. I have the press release. What he is doing here, with the subjective conditions that he has put on this industry, again, has effectively put on a ban—just like Ontario, just like Quebec, just like other jurisdictions. There are conditions here that need to be addressed. They need to be formalized, and they need to have an end date. When is the Premier going to put an end date on his ban?

Hon. Mr. Gallant: If the Leader of the Opposition has the backgrounder, I do not understand why he would insinuate that the conditions are secretive. I do not understand why he keeps talking about a ban when it is right in front of him, black on white, saying that this is a moratorium.

We have a diversified approach to growing our economy. I recognize that the opposition members cannot seem to get a handle on how that is even possible, with their fixation on hydraulic fracturing. That is all we have heard from them over the last few years. It is unfortunate, because we created the Jobs Board and it seems the opposition opposes that. We created Opportunities New Brunswick, to be more client-focused when it comes to growing the economy, and they are against that. The small business tax reduction. They are against that.

The Youth Employment Fund. I do not know if they support it. They have certainly not been voicing that. The infrastructure fund. Clearly, they do not support that. Developing a skilled workforce. We saw from the previous government that it did not even have an education plan. I can go on and on.

We have many measures that will create jobs and get the economy rolling. The members opposite are fixated on one. Luckily, our government is not.

Mr. Stewart: Today's ban on natural gas development in New Brunswick removes a very significant potential source of natural gas from the northeast market. I know, from last week, that the Premier does not subscribe to the law of supply and demand, as he is under the impression that increased supply will not impact market prices despite the fact that increased supply leads to lower prices. Perhaps that is why he seems to willfully ignore the fact that his ban on natural gas development in New Brunswick will allow for the continuation of New Brunswick paying the highest natural gas prices in North America.

Even more devastating to the economic landscape is the fact that he is now cutting off the long-term domestic supply that we did have at our disposal. I am sure the Premier is aware that PotashCorp receives its gas directly from wells in partnership with Corridor Resources, under a local gas distribution franchise. Does the Premier actually believe that there will be no impact on the Potash Corporation when the wells that are currently supplying its gas are depleted and cannot be refractured under the Liberal government's ban?

Hon. Mr. Gallant: I would ask that the Leader of the Opposition pass the backgrounder to the member opposite so he can go through it again. I can certainly quote, once more, the



backgrounder, saying that it is not a ban—black and white. We actually answered that question specifically during the press conference, saying that it is a moratorium.

I am not the one who is inventing what would happen with the prices. These are people we are talking to in the industry. The prices are set on the Boston market. They are regional prices, and no business here or anywhere else in this region will sell it for less than they can sell it in Boston. We are not going to be able to impact the prices, so the fact that the members opposite keep saying that, we believe, is unfortunate.

We are going to continue to talk about the facts. The facts are that, if the past government had continued on with hydraulic fracturing, there would really be no jobs created right now, under that regime. In fact, the company that was looking at exploring said that there is a 1 in 10 chance that they would even find a deposit, so I am not sure what the member opposite is even talking about when he and the opposition members are talking about jobs. It is unfortunate that they...

Mr. Speaker: Time, Premier.

Mr. Stewart: Again, the Premier is either displaying a lack of understanding or willfully ignoring reality by refusing to acknowledge his own facts. It is clear that we disagree with the Liberals' ban on gas development. There is not a person in the province who does not understand that, so it is expected that we will question the validity of the claims coming from the other side. However, when we see that basic economic premises such as supply and demand are being ignored by the government because they point to the ridiculous nature of its policies, then the province is in serious trouble.

We have a government claiming that jobs are its priority and that a diverse approach is critical, yet the same government bans the sector with the greatest job growth potential in the province and, by definition, takes a less diverse approach to economic growth by limiting its options. Can the Premier explain how banning natural gas development in New Brunswick and eliminating all the spin-off activity the sector would bring to the province will lead to more jobs and a more diverse economic approach?

[*Translation*]

Hon. Mr. Gallant: I think this is a rather important subject for New Brunswickers, so it is unfortunate that we are going around in circles. The member opposite should read our press release and really find out what has been announced.

[*Original*]

I understand, the first time the question was asked or the first time the comment was made that it was a ban... I would think that, after I have clarified this several times and now that I



have pointed to the backgrounder, having it in black and white, that it is not a ban, that it is a moratorium...

It is unfortunate, because this Legislature is being used for something that it should not be. The opposition members are using it as a sounding board for their political rhetoric. They believe that, if they repeat something over and over again, such as natural gas prices going down if there is a supply here locally, people will start to believe it. The opposition members believe that, if they keep saying the word “ban”, people will believe it is a ban. It is unfortunate that they are using this political ploy, one that we have seen for hundreds of years, but I know that New Brunswickers want us to lead with evidence, and that is exactly what we will do. That is exactly how we will grow the economy. Thank you.

Mr. Stewart: Companies like PotashCorp have based their investments on the continued supply of local natural gas. I am talking about PotashCorp. It is a major input for which they have arranged competitive pricing through a domestic supply. These legislative changes will eliminate that source once the current wells are depleted. It will ensure that companies like PotashCorp will be forced to procure uncompetitive gas and will likely lead to closures of New Brunswick businesses.

Companies such as Atlantic Potash will have their investment plans thrown into question due to the fact that the domestic supply of gas will not be available to contract. Potential investments from entities such as Gujarat State Petroleum Corporation, from India, that are gas-intensive will be simply uneconomical because they cannot contract with nonexistent gas producers. As with any commodity, there is a market, and I hope the Premier now understands that more supply in a market will lead to lower prices.

More important, there are also contracts that are not at market price. Does the Premier understand that gas producers often choose long-term guaranteed sales at lower than current market prices and that that is how the vast majority of large-scale projects are secured—with low-cost inputs? That is something that will not be available in New Brunswick...

Mr. Speaker: Time, member.

Hon. Mr. Gallant: I will not take any more time on the floor of the Legislature, where we should be debating important issues, to explain that it is not a ban; it is a moratorium. I will take the time on the floor of the Legislature to ask what I believe is a very important question. As you see, we have outlined five important conditions. I believe that the members opposite have made it very clear—and I do not think that any New Brunswicker doubts—that the members opposite support hydraulic fracturing and want to see it proceed. That is fine, and we recognize that. They are certainly entitled to their opinion.

Instead of the members opposite asking questions and trying to misquote our backgrounders, I would urge them to try to convince New Brunswickers that these conditions can be met or are met. In doing that, I ask the opposition to make it very clear that the 22 members of the



Conservative caucus are very much ready to have wastewater from fracking go into their communities. That will be one of the conditions of having an infrastructure plan. That infrastructure will include wastewater. Will the 22 communities that you represent accept wastewater from fracking?

Mr. Northrup: I was worried, concerned, frightened, shocked, and sick to my stomach when I heard the Liberal announcement this morning. It made me sick to my stomach. There will be 450 jobs—good, paying jobs... It would supply a lot of families, their sons, and their daughters with good, paying jobs in the potash industry. They are worried, and I do not blame them. They are hard workers in this area. Potash means a lot to the New Brunswick economy. The whole area is worried.

It is a perfect marriage. Using our own natural gas in our own ground, underneath our feet... It is a perfect marriage when we use that natural gas instead of using three truckloads of fuel oil per day. Will the Premier or the Minister of Energy—I am not quite sure which Minister of Energy...

Mr. Speaker: Time, member.

[*Translation*]

Hon. Mr. Gallant: New Brunswickers were worried for years under the previous government.

[*Original*]

The people of New Brunswick were very worried as well when they saw that the previous government was the first government in about 40 years that was not able to create a net gain in jobs in the economy. That is why we have a plan to create jobs, one that is diversified. The jobs board—do you support it? Opportunities New Brunswick—do you support it? The small business tax reduction—do you support it? The Youth Employment Fund—do you support it? A skilled workforce—do you support it? Raising the minimum wage and putting more money in the pockets of New Brunswickers... It is very clear that you do not support that one.

I will ask the member opposite, who is apparently giving an emotional testimony on the floor of the Legislature: Will he confirm that his 21 colleagues will take the wastewater from fracking, if this is ever to go forward, to ensure that our conditions are met? Will the 21 communities take the wastewater from fracking? Please let us know.

Mr. Northrup: The Premier of the day may think this is funny, but nobody on this side thinks it is funny. Nobody in the potash mine thinks it is funny. Nobody with Corridor Resources thinks it is funny, nor do the majority of New Brunswickers. There are planeloads and planeloads of people leaving New Brunswick to go out West. Saskatchewan is a prime example. It was like New Brunswick 20 or 30 years ago. Now, it has oil, gas, potash, and forestry, and it is probably



one of the richest provinces in Canada. It is similar in the Northwest Territories. New Brunswick could be that way, but the government is putting up roadblocks.

I am not sure who the real Minister of Energy and Mines is, the member for Campbellton-Dalhousie or the Premier of the day. I am getting mixed messages here in terms of which one is the minister. Will they go to PotashCorp? Will they explain to the 450 employees what this moratorium is? They need more gas there. The new mine just opened up, and it is rigged for natural gas. Will they go there...

Mr. Speaker: Time, member.

I will remind the Premier to address the Chair, please.

Hon. Mr. Gallant: I can assure the member opposite that we have reached out to people in the industry to explain to them what the moratorium is. We have been doing so for several months, and we will continue to discuss this with the industry or with any industry that has concerns regarding this. If industry believes that there will be negative impacts, we will do the best we possibly can to mitigate those impacts. We have made that very clear.

We certainly do not find this funny at all. That is why we are hoping to have an honest debate here and to try not to use political rhetoric or terms that are not what we announced.

On top of that, obviously, I said it. This is okay. Democracy calls for there to be differences on the floor of the Legislature, but, if the opposition members feel that hydraulic fracturing should go forward, they should work on trying to meet the five conditions that we have enumerated. One of the conditions is to have a plan for infrastructure. Again, I have not had confirmation yet. I hope they will let us know whether the 22 members opposite are ready to have frack wastewater go into their communities. Will they actually talk about one of the five conditions? If they are ready, please let us know.

Mr. Speaker: The time for question period has expired.

