

March 10, 2015

[Original]

Natural Gas

Mr. Fitch: Yesterday, through an RTI, we confirmed that SWN Resources was officially suspending its operations in New Brunswick and—I quote—redeploying their investment dollars elsewhere. It is a development that we warned the government would happen if it went forward with the moratorium. Anyone with any business sense would, as well, know that that would happen, and that is why I am sure that the Liberal caucus is quite surprised that this has happened.

The sad reality of the situation is that now, in the sixth month of this government's mandate, the government members are more confused than ever as to what to do with this gas moratorium. They scramble to figure out how they can meet the conditions or excuses that they made up a few months ago while gas supplies dry up and companies pull up stakes and leave the province with their investment dollars and their jobs that would have been created here if the Liberals had not gone forward with their moratorium.

Can the Premier inform the House today exactly the number of jobs and the investment amount that SWN was going to invest here in the province?

Mr. Speaker: Time, member.

[Translation]

Hon. Mr. Gallant: I know the Leader of the Opposition is aware of what I am going to tell him, since he has been a minister. Regarding the operation of the business that the member just mentioned, the company said it had a 1-in-10 chance of finding a shale gas deposit. So, we cannot say whether this business could have found such a deposit. If there really had been one to find, we cannot say what its potential volume would have been.

What we can say is that our government does not limit itself to just one option, namely hydraulic fracturing, as the previous government did. We are focusing our energy on improving the economy, and our diversified and balanced approach will enable us to create jobs in a number of sectors and industries.

We are very proud of what we have accomplished so far with New Brunswickers. We are very proud of the fact that, since we were sworn into government, 2 600 jobs have been created in the New Brunswick economy. We look forward to continuing to work with New Brunswickers and building on our momentum.



[Original]

Mr. Fitch: Apparently, the Premier did not understand the question, so I will ask it again in another way.

Here is a quote directly from the letter that SWN sent to the government on December 16, 2014: “a moratorium has forced us to suspend our drilling plans and rededicate resources to projects in other jurisdictions”. Four wells were going to be drilled here in New Brunswick. The company has now said: We are going to reinvest that money in other jurisdictions.

Can the Premier tell us how much of that money would have been spent here in New Brunswick? How much was it? What jobs would be created? Regardless of the 1-in-10 chance of the company hitting a deposit, the fact is that the money was going to be spent here in the province and it was going to create jobs. How many jobs has the Premier closed the door on? How much money has he pushed to another jurisdiction?

Hon. Mr. Gallant: We have opened the door to 2 600 jobs that have been created since we were sworn in.

If we go back in time, we will remember what happened under the previous government, and we will remember what we were told just recently. In fact, the industry said that there was a de facto moratorium on hydraulic fracturing because of the past government’s rules on wastewater management, when it came to the wastewater from fracking. The industry itself said that it would not have been able to go forward as it was under the previous government.

I have asked this question, and I have yet to get an answer from the opposition members. If they want to have a plan and want to fulfill one of the five conditions that we have listed to be able to lift the moratorium on hydraulic fracturing, will their communities raise their hands and take the fracked wastewater? We are waiting to know which one of your ridings, which of your communities, will take the fracked wastewater. Under the last government, there was a moratorium because of its regulations on just that.

Mr. Fitch: The Premier is scrambling today and, again, making up some statements.

I will go with what is written here by a third party: “a moratorium has forced us to suspend our drilling plans”. Those were concrete plans, regardless of the de facto moratorium that they talk about, which is not the case. It goes with respect to plans being in place to do the work this year, in this calendar year. The budget at SWN Resources Canada was concrete. That was real. That budget has been taken away from the province.

This is a very straightforward question. Does the Premier know how much of that investment money has been taken away from New Brunswick and put into other jurisdictions? It was a concrete plan by Southwestern Energy to spend in the province and to create jobs in New Brunswick. How much investment and how many jobs has the Premier shut the door on?



[Translation]

Hon. Mr. Gallant: We have already answered that question. The door was never open because there was already a de facto moratorium in place, if you will, under the Alward government as a result of the rules it had put in place regarding hydraulic fracturing wastewater.

I am going to ask my question again. We have listed five conditions which we think are very reasonable.

[Original]

I ask this again. Is it the communities of Saint John or Portland-Simonds? Is it the community of Quispamsis? Is it the community of Riverview? Is it the community of Hampton? Perhaps it is the community of Edmundston. Which community that the opposition represents is willing to take the fracked wastewater, according to the Leader of the Opposition? If he is going to speak about hydraulic fracturing, let's talk about it. Let's talk about what was happening under the previous government. Is the Leader of the Opposition saying that Riverview will take the fracked wastewater?

Mr. Fitch: Once again, we have clear evidence that the Premier does not know the investment that he has turned away. He does not know the number of jobs that he has turned away from the province. He does not know the opportunity that he has slammed the door on because of a Liberal policy that he put in place.

The plans that were put forward by SWN Resources were concrete. They were budgeted. That was real money, and those were real jobs here in New Brunswick. We have many people coming back from out West who work in this industry and who are ready to go to work for SWN Resources.

This is not a de facto moratorium that the Premier is trying to deflect and about which he is trying not to answer a question. This was a drilling plan that was in place. It was under Environment. They knew it was there. When we were there, we knew it was coming. We knew that it was going to create jobs, and we knew that it was going to create investments.

Does the Premier know how much money and the investment magnitude he has turned away? How many jobs has he turned away? This is a concrete plan. He said before that he would not talk about hypothetical questions. This is not a hypothetical question. This is real.

Mr. Speaker: Time, member.

Hon. Mr. Gallant: Of course, it is a hypothetical question. On top of that, it is asking us to go into some type of made-up parallel universe where the previous government is still in power. If they are talking about the drilling plan of the business in question, we asked the then Minister of Energy, when we were in opposition, to tell us what would happen with the fracked



wastewater. He said that it would be the responsibility of the businesses to have a plan for the fracked wastewater.

In this alternate universe that the Leader of the Opposition would like us to explore today, can he tell us where the fracked wastewater is going to go? Where would the fracked wastewater have gone under the previous government? Where would the businesses have sent that fracked wastewater?

We have laid out five conditions that are very reasonable, one of which is that we have to have a plan for the infrastructure impact that the industry would have on New Brunswick, including fracked wastewater. I ask again: In this alternate universe—or maybe in this one—is Riverview, according to the Leader of the Opposition, going to take the fracked wastewater?

Mr. Fitch: I think it is clear what has happened here today. The Premier is saying that SWN Resources is not being truthful in this letter that it sent to the government. He is saying that this is a hypothetical plan. That is not the case. That is not the truth. This is a concrete plan, regardless of fracked water, regardless of recycling the water, regardless of what the plan was to do with anything with respect to that. This was a concrete plan that was going to go forward. It was going to create investment in the province. It was going to create jobs in the province.

The Premier, his Cabinet, and his colleagues have put a policy in place that has shut the door on this investment, shut the door on these jobs. Why do the Premier and his Cabinet ministers continue to tell the people of the province that jobs and the economy are their number one priority when they have put in place a policy that shuts the door on investment and shuts the door on jobs? Why are they not telling the people exactly what the facts are?

[*Translation*]

Hon. Mr. Gallant: We have not closed the door to economic development; quite the contrary, the door is wide open. In fact, we have seen that, according to predictions, our GDP will grow, which is very positive news for our province.

[*Original*]

We have seen in the news that independent third-party reviews are saying that optimism among small and medium-sized businesses is up since we were sworn in. On top of that, we have opened the door to 2 600 jobs that our economy has created since we were sworn in.

I am going to help the Leader of the Opposition. Anytime he says “what if”, that is a hypothetical question. He is trying to say: What if we had not put in place a moratorium on hydraulic fracturing? How many jobs do you think would have been created?

Mr. Speaker: Order.



Hon. Mr. Gallant: I explained to the Leader of the Opposition that there was a 1-in-10 chance that there actually would have been a deposit. That is according to the business. On top of that, there would have to be a plan for fracked wastewater. Again, in this alternate universe, is Riverview taking that fracked wastewater?

Mr. Speaker: Time, Premier.

Mr. Fitch: When it comes to independent third parties, let me read something from Zacks Investment Research, a third-party, independent company that looks at companies on the stock market. We know that SWN Resources Canada, which is a division of Southwestern Energy, is a company that is traded on the stock market. A recent stock report discussing Southwestern Energy—and I can tell you, as a former stock investment broker, that these are very important right across industry—stated that “The company’s effort to build its New Ventures acreage outside of New Brunswick is an added positive.”

The fact is that the company has decided not to invest here in the province because of the moratorium, because of what the Liberal policy has done. It is driving investment out of the province. It is driving jobs out of the province. Why does the Premier not man up and admit it?

Hon. Mr. Gallant: Man up and admit it? That is a little unfortunate today.

I think the Leader of the Opposition has to look at a lot of the reports that have come up in the last few weeks. We have the Conference Board of Canada saying that there will be GDP growth. We have APEC saying that there will be GDP growth. We have CFIB stating that consumer confidence within small and medium-sized businesses is going up. There is a positive trend there. On top of that, Statistics Canada has said that the economy has produced 2 600 jobs as a net gain for our economy under our government, since we were sworn in.

Are we to take all the credit for that? Absolutely not. Hardworking New Brunswickers, entrepreneurs, and businesspeople are working very hard to create jobs and grow their businesses. All we are trying to do is to set the conditions for them to be able to do that.

The Leader of the Opposition has not answered the question. In his alternate universe, in this universe... Is there some universe in which he is saying that his community of Riverview will take the fracked wastewater?

Mr. Fitch: Again, the Premier has made it crystal clear today that he does not have a clue as to the types of investments he is pushing away from New Brunswick because of the policies of his government. He just said it in the last answer: “set the conditions”. He has set the conditions. He has put a ban on shale gas in the province. It has driven jobs and economic development out of the province, and that was confirmed today. Every time his Cabinet ministers say that jobs are their priority, apparently they are not. That is not the case at all. Their policies have driven jobs outside the province.



If the Premier were really in tune with what is going on with the province, he would realize that the town of Riverview actually receives its wastewater services through the Greater Moncton Sewerage Commission. Once again, he is mixing words. He is trying to create a perception that is not the reality.

We had hard evidence that there was going to be significant investment here in the province. The conditions set by the Liberal government have driven that investment and those jobs...

Mr. Speaker: Time, member.

Hon. Mr. Gallant: I still did not get an answer as to whether the Leader of the Opposition is ready for the town of Riverview to participate in getting the fracking wastewater. I really look forward to hearing him clarify that.

I also have to say that we have been setting the conditions. We have the small business tax reduction, Opportunities New Brunswick, and a Jobs Board led by a team of private sector people that will do a great job to help us with job creation. There is the Youth Employment Fund. There is regional cooperation with the Maritimes and Atlantic Provinces. We are promoting the Energy East Pipeline project and the LNG terminal conversion. There were trade missions with business leaders to Alberta, and we have had missions to Senegal. We are investing in start-ups, and we have started to plan an innovation week.

Mr. Speaker: Order. The Leader of the Opposition will come to order.

Hon. Mr. Gallant: On top of that, we have a very, very ambitious plan to invest strategically in our infrastructure, to create jobs in the short term, and to set ourselves up for economic prosperity in the long term.

Just today, we announced that we are going to continue to strive toward the ambitious goal of building the literacy strategy that we need to get our economy back on track. Those are the conditions.

Mr. Stewart: The last fracks in New Brunswick did not produce any wastewater. Therefore, it is not an impediment. By the way, Corridor Resources hired 75 people last summer for exploration alone.

During the past two weeks away from the House, we have started to see the expected impacts of the Liberals' mishandling of the natural gas file. We had the Minister of Energy and Mines fully admitting that he has no idea how he is going to move forward on these conditions. We have heard from commodity experts stating that we will likely be facing natural gas shortages within the year due to the revised production from Deep Panuke. Now, we have SWN Resources Canada officially abandoning its exploration plans.



I fully expect that the Minister of Energy and Mines will not even attempt to answer my questions, much as he has done since the last session began. However, we will try to determine whether he has any grasp at all on the file. What does the Minister of Energy intend to do to counter upcoming gas shortages over the next few years?

Hon. Mr. Gallant: I would like to make two clarifications. First of all, the Leader of the Opposition talked about a ban on hydraulic fracturing. He knows very well that it is a moratorium. We have had that debate several times, and it has been written in black and white. It has been in our press releases, in our speeches, and in the legislation. It has been in everything. We have made that very clear.

On top of that, the member opposite was talking about the fact that the wells that were fracked in recent memory did not use water. We agree. They did not use water because there was a de facto moratorium based on the regulations for fracking wastewater management. That is exactly what we have been saying since we started this discussion this morning. In fact, that is absolutely accurate. The member opposite is right. Under the last government, no fracking was happening with water because its regulations made it so that they had to have a fracking wastewater management plan, which they did not.

That begs the question. In whatever universe the members opposite want to be in, will their communities take the fracking wastewater?

Mr. Stewart: The Premier talks of alter egos and parallel universes. I wonder whether he knows who Harvey Dent is.

I should not have to be the one to explain this to the minister. Of course, he is unable to get up to speak today. The Deep Panuke forecast puts our region in a position of a structural shortage by 2016-17. Even in the best-case scenario, New England pipelines will not be in service before 2018-19. As we see in New Brunswick with the current Liberal government, the potential for delays and outright bans on energy development is becoming greater as the days get longer and as the members pander for votes. All of this adds up to a situation where these pipelines are far from a done deal, yet these pipelines are clearly the thing on which the Liberal government is hanging New Brunswick's energy future.

Can the minister or the Premier, of course, explain why the government is allowing the province to be completely dependent upon the legislative whims of other jurisdictions when it comes to securing our energy, when we could be developing our own resources right here at home?

Hon. Mr. Arseneault: I do not understand the opposition members' fixation with this one sector. They want to develop hydraulic fracturing at all costs, with no care for New Brunswickers' concerns.



I am very proud to serve under Premier Gallant. Our team believes in a diversified economy. That is why, under the Premier's leadership, we are going to develop the Energy East Pipeline project. We are going to develop the Sisson mine, and we are going to develop the Trevali mine and Caribou. Chaleur Terminals will happen. We look at the potash development. We put out an RFP for potash development in New Brunswick, and Atlantic Potash is knocking on our door. They all know that there is and there will be a moratorium on hydraulic fracturing in New Brunswick, and they are still knocking on our door. Even Repsol filed an application for the conversion of the LNG plant. All of that, when they know there is a moratorium in place.

The fearmongering from the opposition really speaks volumes as to the type of opposition we have.

Mr. Speaker: Time, minister.

Mr. Stewart: I am glad that the minister got up to answer a question, and I am equally glad that he said he did not understand. We on this side of the floor know that.

I will also tell you that the company used propane because it provided a better result.

Not long ago, the Premier tried to say in this House that supply does not matter when it comes to the price of natural gas. We explained to the Premier that more supply of a product in a market will help keep prices from rising and that is why the price of natural gas in Pennsylvania has been roughly \$1.50 per gigajoule for the past month, when the price in the northeast has ranged from \$7 to \$25. With the recent announcement from Encana that supply from Deep Panuke will be much less than previously thought, commodity experts have all stated that less supply will mean higher prices for New Brunswick.

Having had this basic economic concept explained to him by someone other than the opposition, will the Premier explain why he is intent on ensuring that New Brunswick companies and residents will pay higher natural gas prices over the next number of years?

Hon. Mr. Arseneault: The opposition is all over the place. When it comes to shale gas and hydraulic fracturing, we have been very clear for two and a half years. We will impose a moratorium in New Brunswick.

Mr. Speaker: Order.

Hon. Mr. Arseneault: After taking office, on December 18, we put legislation forward to impose a moratorium on hydraulic fracturing. Do you know why? It is because we care about what New Brunswickers have said all along. When the opposition members were in government, they were not listening. We care that there is no social license today to move forward with hydraulic fracturing. We care because we know that the royalty scheme is not maximizing the benefits for New Brunswick. We also care that the then government did not want to consult with First Nations, and we know how important that is. It is not only a moral responsibility, but it is also



the law. We need to do it. We also care... When the opposition members wanted to move forward with this industry, they did not have a care in the world for the health of our water or environment. When Dr. Cleary put out a report, they shoved it underneath the desk. We care, and we are going to make sure we make it happen.

As the Premier alluded to today...

Mr. Speaker: Time, minister. Time.

Water Quality

Mr. Coon: My question is for the Minister of Environment and Local Government. Last week marked the 13th anniversary of the introduction into law of the *Water Classification Regulation*, which is designed to protect our freshwater resources, in theory, by establishing legally binding water quality standards for our rivers and streams. It was amended in 2008 to address some matters around enforceability, but, 13 years later, we still do not have water quality standards for a single New Brunswick watershed.

My question is this: Has the minister directed his officials to act immediately to classify the rivers and streams in this province?

Hon. Mr. Kenny: Thank you for my first question of the session. I want to say that, as Minister of Environment and Local Government, my job is to make sure that we protect our environment, including our watercourses. I am working with my department to move forward to look at all classifications in the province. I have talked about this with the member opposite, and I have talked to many other stakeholders. We will work with our stakeholders. We will consult, and we will move forward. Thank you.

Mr. Coon: On August 14 of last year, the Ombudsman released a report on the Department of Environment and Local Government's management of the water classification program. In his report, the Ombudsman wrote this about the *Water Classification Regulation*:

Regulation 2002-13 exists primarily as a mirage, misleading observers to their detriment. The history of this file leads us to conclude that the Legislative Assembly must take a more direct interest if it wishes the province of New Brunswick to have an effective Water Classification Program rather than an illusory one.

Today is the day when this Legislative Assembly is taking a more direct interest. The minister has the chance to demonstrate good faith and to rebuild some bridges between his department and the communities affected. Will the minister commit to a timeline for establishing water quality standards in our watersheds?

Hon. Mr. Kenny: As the minister, I will also be working with all the stakeholders. I have had the chance to meet and speak with the Ombudsman and many other people about this file. When



our department has the proper information, we will provide an update to the Legislative Assembly and make sure that we work with our stakeholders moving forward. Thank you.

Mr. Coon: As the Ombudsman pointed out in his report, “Despite its best intentions, the Department of Environment has been unable to... make any measurable progress” to set water quality standards for our rivers and streams. Despite the best efforts of many volunteers from around this province and watershed protection groups from the Nashwaak River to Jacquet River, the problem at its root seems to be what the Ombudsman called the “pernicious and counter-productive” use of ministerial discretion provided for in this regulation.

Will the minister commit to removing that ministerial discretion from section 3 of the *Water Classification Regulation* so that the department can do its job to safeguard our watersheds?

Hon. Mr. Kenny: As I said, I will continue to work with the Ombudsman, the members opposite, and all stakeholders on this important file. As the Minister of Environment, my number one job is to look at protecting our environment in a sustainable manner and, at the same time, to look at all our opportunities for job growth in the province.

That said, again, I will take a look at working with all stakeholders in looking at the rules that are currently in place to see what we can do in the future. When I have some more advice to give to the Legislature, I will provide it. Thank you.

Natural Gas

Mr. Northrup: This past week, the Minister of Energy and Mines was claiming in the paper that he was turning to the courts to find someone to tell a local government what its policy actually means. Months after its five conditions were announced, it turns out the Liberal government still does not know what any of the conditions mean, how they will be determined to have been met, and how they will be measured. It is yet another case of the Liberals making up natural gas policy on the fly, and we are starting to see the ramifications of such an irresponsible government.

Will the minister provide this House with a specific date when he will lay out clear definitions of his conditions and how progress on his five conditions will be measured?

Hon. Mr. Arseneault: Unlike the former government, which did not have a care in the world about the health, environment, or concerns of New Brunswickers, our government does. That is why we laid out five conditions. When you talk about extracting this resource, you have only one shot at it. If we are going to have that one shot, we are going to make sure that we do it right.

How are we going to do it right? We have laid out five conditions. There is the social license. We want to maximize the royalty structure; we want to make sure that we consult with First Nations communities; we want to make sure that we feel safe with our health, our air, and our



environment; and we want to make sure that we have the proper infrastructure to be able to treat wastewater.

I have no lessons to learn. The member opposite talks about being irresponsible. If you recall, Bill 18 broke the contract with Enbridge Gas. New Brunswick taxpayers are faced with an \$875-million lawsuit. If you want to be irresponsible, look at the former government.

Mr. Northrup: I wonder whether the Minister of Energy cares about the hundreds of jobs that are affected in the natural gas industry, especially in my backyard, at the potash mine. This is a \$1.7-billion expansion. It is going to go from 800 000 tonnes of potash per year to 2 million tonnes per year. It needs more natural gas, and it is not going to have it in a year and a half or two years. We are looking at another potash mine just on the opposite side of the road in Lower Millstream. It is going to need natural gas. We are also looking, in Saint John, at building a fertilizer plant that would need more natural gas.

Irresponsible is the middle name of the Minister of Energy. He cannot provide the House with any of the details of what he intends to do on the natural gas file five months into his mandate. Will he tell the people what these five conditions are going to be in this province?

Hon. Mr. Arseneault: I thought the opposition member would actually commend the former government when I was a minister. When we talk about potash development, I was the Minister of Natural Resources who made sure that we got the deal done to have a \$2.2-billion investment in potash development in the Sussex area.

The member opposite must have been reading his questions a little while ago. If he had been listening to what I said, he would know that, under this government, under the leadership of Premier Gallant, we have a diversified economy. When everybody knows that there will be a moratorium on hydraulic fracturing here in New Brunswick, companies are knocking on our door.

Even in your area, member opposite, when we look at Atlantic Potash, it was interested in coming back to New Brunswick. We are opening our door to it. We put out an RFP because there is interest in potash development in New Brunswick. Repsol has filed an application for the conversion of the LNG site in Saint John. They all know that a moratorium is to be put in place. Do you know what? The Conference Board of Canada says that we will be one of the leading provinces in terms of growth next year. Do you know why?

Mr. Speaker: Time, minister.

Mr. Northrup: At a time when potash was at a high price, the members of this past Liberal government gave the royalties away at a price that was unbelievable. They were going to expand. They were going to build \$1.7 billion in operations, but that government gave it away.



We are talking about the member for Campbellton-Dalhousie, who almost destroyed the silviculture program in the province. He talks about our not having any lessons to learn from him. We have nothing—nothing—to learn from the member for Campbellton-Dalhousie. He does not know what he is talking about. He has affected hundreds of jobs here. He was part of a Cabinet that spent \$77 million on Atcon, so we have nothing to learn from him.

Get on your feet. Tell New Brunswickers what we have to do. We want jobs here. He is going against the natural gas policy here in New Brunswick. We need shale gas here to fill the motels...

Mr. Speaker: Time, member.

Hon. Mr. Arseneault: The member opposite, a former minister in the former government, says he wants jobs. His was the only government in the history of the province to have a net job loss during its mandate—the only government.

Do you want to talk about the potash deal? They were not going to come and invest in New Brunswick automatically. There were other jurisdictions, including their home province of Saskatchewan, that we had to compete with.

Mr. Speaker: Order.

Hon. Mr. Arseneault: Our team at Natural Resources and Energy and Mines make a great team. We put a deal together. Our government supported it. The Liberal government supported it.

Mr. Speaker: The member for Sussex-Fundy-St. Martins will come to order.

Hon. Mr. Arseneault: Do you know what? We did forego \$35 million in royalties at the time, but we got \$2.2 billion back. We secured 600 jobs in the riding of the member opposite. Maybe he should be more appreciative.

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

