

March 27, 2015

[Original]

### Atcon

**Mr. Fitch:** We have seen how it sometimes takes the Premier a little while to come around to the right way of thinking. It took him quite a while to confirm the wood allocation and to agree to go forward with the contracts that we signed while we were in government, creating jobs and moving the economy forward.

However, I will start by offering the Premier another do-over. I know that he has been famous for do-overs when it comes to job numbers. Again, we know some of the answers that he gave yesterday on the Atcon file—the Atcon cover-up—were a little questionable, so I am going to offer the Premier a do-over. Specifically, after looking at the backlash from the Liberal Party, the public, and maybe the caucus, has he now had enough time to think about it, and is he going to change his mind and offer the public the ability to know the right answers, have a forensic audit done, and ask the Minister of Health to resign?

**Hon. Mr. Gallant:** Despite the long-winded comment from the Leader of the Opposition, it is not an excuse to ask the same questions over and over again. We have made it very clear that we have been as open and transparent as possible about this situation. That is why, in June 2013, while we were in the opposition and while I was the Leader of the Opposition, we supported a unanimous motion to have the Legislature ask the Auditor General to look further into this matter. That is exactly what happened, and we are happy that it happened.

One of the things that we have found from that is that there is no new information. We had many things that were made public. Others have looked into this in depth. The Auditor General has taken her turn, has looked into it, and has come up with no new information. What she has come up with are strong recommendations that will help us move forward on economic development, bringing more accountability. We are going to work with her office, and we are going to ensure that we have not only accountability but also results when it comes to economic development.

**Mr. Fitch:** I want to thank the Premier for that long-winded answer, but, once again, he is putting himself into a corner when he talks about no new information.

There was a substantial amount of very significant new information that the public was not aware of. The Auditor General came forward with an expert opinion—an expert legal opinion—on the fact that the Minister of Health at the time acted outside the law, acted above the law. That was an expert legal opinion. That is new information that the public was not aware of. That is why there has been a public outcry that the Premier needs to have the Minister of Health resign and that he needs to order a forensic audit so he knows where the money went. This is in excess of \$70 million.



Will the Premier, again, stand up and retract his words to say that there was new information—expert legal advice—that the minister operated outside the law?

**Hon. Mr. Gallant:** I have answered this question several times over several days now. I will repeat the same answer. The Auditor General has done a report. No new information has come out of the report despite the Leader of the Opposition wishing that it had new information. The Auditor General made strong recommendations on how to improve the accountability of economic development, which we will take into consideration, and we will work with her to implement them as much as we can.

I would like to point out that the Auditor General looked at this issue because we, with the previous government, asked her to look into the issue and shed light on it. She had the chance to look at this issue. She could have done a forensic audit, had she thought that she had to. She could also have recommended that more be done. However, it is very much the contrary. She is saying that much money and many resources have gone into this issue already. The information is all out there. We know what happened. It was a mistake. We have to learn from it, and that is exactly why we are going to implement the Auditor General's recommendations.

**Mr. Fitch:** Once again, maybe the Premier knew the information back when the minister was breaking the law. Maybe the Premier knew. He ran for the Shawn Graham government. Maybe he knew that the government was operating outside the law. Maybe it is not new information to him, but it is new information to the public.

The Auditor General has come forward with an expert legal opinion that today's Minister of Health was operating outside the law and putting the shareholders of Scotiabank in front of the taxpayers of New Brunswick. This was for a company that the government knew—because it was told and was given the information—would go belly up in a very, very short period of time. The government knew that.

Again, the Premier is trying to skate away from this issue as fast as he can, sweep it under the rug, and make sure that it goes away. The government floated many trial balloons yesterday about teacher cuts and HST increases. However, will the Premier acknowledge today that at no point did the Auditor General say that she should not go forward with a forensic audit?

**Mr. Speaker:** Time, member.

**Hon. Mr. Gallant:** The member opposite is absolutely right. We are speaking about the finances of the province because getting our finances in order is one of our priorities, unlike the previous government. Unlike the opposition, we are very focused on ensuring that we make the right decisions for the long-term sustainability of our economy and the finances of our province. That is why we have been working very hard on a budget. We have a budget coming up in just a few days, yet the opposition members can focus only on this. They are trying to hope that, if they keep saying that there is new information, some people will start to believe them. There is no new information in the Auditor General's report. There are new recommendations, and we will work



with the members opposite to try to implement as many as we can. We have made that very clear.

The Auditor General has looked at the issue. She could have done a forensic audit herself, had she wanted to, but she did not. One of the reasons is that she has acknowledged that much has been done about this matter already. Much has been looked into. Many analyses have been done. She even believes that it is enough. We are going to take her recommendations, move on, and improve things.

**Mr. Fitch:** I think you could improve things and return integrity to the government. Tell the Minister of Health to go home because he was operating outside the law. There are another five who made up the Atcon Six and who either sat by and gave tacit support for the Minister of Health to operate outside the law or pushed for him to do it as well.

A lot of people want to know where the money went. A significant amount of money, taxpayers' dollars, was put forward, and now it is gone. The Auditor General, in her report is very, very clear. We have a cover-up that has been put here by the Premier, who is trying to skate away from the issue. The Auditor General's report says that she will do a forensic audit if she is so directed by the Legislative Assembly of New Brunswick. We have put that on the floor. We have an opportunity for the Premier to improve the situation here in New Brunswick. Will he agree to a forensic audit?

**Hon. Mr. Gallant:** I do not appreciate the comment by the opposition that we are trying to cover anything up. In fact, we are doing very much the opposite. We supported a unanimous motion asking the Auditor General to look into this. Those are the facts. We want to shed light on this issue, and we want to learn from mistakes, including those that have been made by all previous governments and including those of the member opposite when he was the minister in charge of the Orimulsion deal and the Point Lepreau refurbishment.

The Auditor General herself also said this, which the member opposite does not seem to want to point out:

*The point I want to make when you talk about going into a fraud investigation, as I pointed out to the members of the public accounts and crown corps, the New Brunswick taxpayers have already paid far too much in this situation. Any exercise beyond what we've done is going to cost a lot of money, if you get involved in a forensic investigation or putting people under oath. Judge Ryan's work, conflict of interest commissioner, that inquiry cost many millions of dollars.*

That is what she thinks about moving forward.

**Mr. Fitch:** The actions of one of your ministers cost the province over \$70 million. The Premier wants to throw out red herrings like Orimulsion. The fact of the matter is that, on that file, we operated within the law. They operated outside the law.

This whole issue reminds me of an episode of *House of Cards*. You have missing money. You have an attempted cover-up. You have a person taking political advantage, using his position to operate



above the law. We have money that is missing, and we think that the people of the province want to know where it has gone. Maybe the Premier does not want to go down that road because he knows where the money went. Maybe he knows where some of that money ended up. Those are some of the things that I think the people of the province want to know.

Will the Premier agree to a forensic audit, and will he ask the Minister of Health to resign because the minister operated outside the law?

**Hon. Mr. Gallant:** I hate to do this. I really do. I hate to take this route, but I cannot just sit here and let the member opposite spill out those things and not make his point. I hate doing this because it is going to hurt all of us.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Gallant:** It is going to hurt politics in general, politicians in general, and the Legislative Assembly. It is going to hurt democracy. However, for the member opposite to get up and try to accuse one of our members of the things he is saying, when the member opposite was the minister in charge of losing over \$2 billion of New Brunswick taxpayers' money—\$2 billion—because of incompetence, because he did not even think to have a contract, at least on a napkin, which would have some type of protection... Regarding cost overruns, we are still having issues at Point Lepreau, despite the fact that members of the previous government said they would get full compensation from their buddy Stephen Harper. They were unable to get one cent for it. The member opposite has no lessons to give to this government, given the fact that he has cost taxpayers over \$2 billion.

**Mr. Fitch:** I can see how much it pained the Premier to say that.

Once again, when you look back in history, you will see that there was a contract. You will see that there was a recommendation based on the civil servants, based on independent reports. We followed the advice of the civil servants. We made decisions at the time, but never, ever, ever have we been accused of operating outside the law. That minister over there has.

(Interjections.)

**Mr. Fitch:** Again, the Premier wants to sweep this under the carpet. A lot of people are very embarrassed about where the money has gone. We are trying to find out where it went. We have some suggestions as to where it might have gone. We want to make sure that the people know the difference. The Premier says: Oh, it is terrible to talk about these things. The Minister of Health stood up in this Legislature with an unsigned letter...

**Mr. Speaker:** Time, member.

**Hon. Mr. Gallant:** We asked the Auditor General unanimously—this Legislature did. I was there.



The member opposite was there. Members of this government were there. We asked the Auditor General to look into this matter in depth. She did that. She did that, and then she made recommendations. She did not say one thing that matches what the member opposite is focused on today. She gave us recommendations on how to improve economic development and the accountability of job creation and investments. That is exactly what we will do. We will take the Auditor General's recommendations and implement as many as we possibly can.

Again, the member opposite is trying to validate the fact that he, through his incompetence, lost over \$2 billion of taxpayers' money. It is very unfortunate. On top of that, many, many experts told the government of the time, including the member opposite when he was a minister, not to do those deals. The member did it anyway and lost \$2 billion of taxpayers' money.

**Mr. Jody Carr:** As a result of the Auditor General's work this week, for the first time, the public became aware of something when she said that, in 2009, the Health Minister and the Atcon Six violated a provincial law, which resulted in weakening security with regard to \$33 million of the \$70-million loss to the people of New Brunswick. Kim MacPherson stated that the provincial law was violated when the minister and the Atcon Six released the province's security over loan guarantees to the Atcon Group of companies. Regulation 82-197 says that the government and the ministers can only change the security if it is not a substantial change.

We also have new information. We learned this week that the Auditor General and the Gallant government have been in a dispute regarding this decision. The Gallant Liberals are now repealing this very law that the Auditor General said the minister and the Atcon Six violated.

Today, there is royal assent. Every Liberal MLA will have blood on their hands when they let this Act go through. Premier, will you not come clean and admit that you are repealing the law in the hopes that this scandal goes away? It goes against the recommendations of the Auditor General.

**Mr. Speaker:** Order.

[*Translation*]

**Hon. Mr. Gallant:** This is absolutely not the case, so I do not agree at all with what the opposition member said.

We have changed the way we create jobs and grow the economy. The previous system was not working; that is obvious since the previous government was not able to create jobs. So, the fact that the status quo is no longer acceptable must be recognized.

Therefore, we are going to change the way we develop the economy, and those changes will be based on the Auditor General's recommendations. She prepared a report after having been asked to do so by the previous government and us. We asked the Auditor General to analyze the situation and to provide us with recommendations, and this is precisely what she has done. We are now going to work on implementing those recommendations.



[Original]

For us, it is important to move forward and to ensure that we learn from past mistakes. That is what we will do by implementing the Auditor General's recommendations.

**Mr. Jody Carr:** There was new information this week. For the first time, the public became aware that the Health Minister and the Atcon Six violated a provincial law that resulted in an even further loss of \$33 million out of the \$70 million. Also new this week was that the Auditor General and the Gallant government have been in a dispute over this fact in the months before the Auditor General's report this week. Now, the Gallant Liberals are repealing the very law that the Auditor General says that the minister and the Atcon Six violated. It is not only that. They have introduced the repeal of this law while they knew that this dispute with the Auditor General was happening.

No one else knew. The public did not know. We did not know. Does that not lead you to question and certainly see that this is part of every Liberal MLA now, including the Premier? They are part of this cover-up. Will you not come clean? Premier, do you not agree that it should be against the law to break the law?

**Hon. Mr. Gallant:** Mr. Speaker, I believe the member opposite was talking to you. I do not think that is funny, however. I really do not think it is funny. I know that the members opposite are trying to throw this around, trying to make sure that people keep talking about it, and trying to attach it to as many people as possible. I get the politics of it. I get why they are doing that. We will not shy away from this situation. That is why I have gotten up in the Legislature to answer their questions for the last few days. We will not try to defend this situation either. We understand that it is a mistake. We understand that New Brunswickers are frustrated with it. We are as well, as, I am sure, are the opposition and everybody across the province.

What we are going to do, however, is learn from these mistakes. We are going to learn from the mistakes of past governments, including governments in which members of the opposition sat as well. We are going to ensure that we change the way in which we develop our economy and that we have more accountability and better results. To accomplish that, we will be working with the Auditor General to implement her recommendations and get real results and accountability when it comes to job creation.

**Mr. Speaker:** Time, Premier.

**Mr. Jody Carr:** The Auditor General has said this week for the first time that the Health Minister and the Atcon Six violated a provincial law on legal advice and expert advice. It was also said this week that the security of the loans could not be changed unless the change is not substantial. Surely, the people would know that \$33 million out of \$70 million is a substantial change, which goes against the law.

We also know that this government introduced legislation to repeal this very law before this report became known, but the government members knew the details. Maybe he knew the details,



maybe the government knew the details, but the public certainly did not. This raises serious questions about the culpability or the involvement of every single Liberal MLA now with this government in repealing this very law the Auditor General said the Health Minister and the Atcon Six have violated.

Will the Premier admit...

**Mr. Speaker:** Time, member.

**Hon. Mr. Gallant:** I do not believe there was a question there. I do believe the members opposite are trying to ask the same questions. We have made it very clear that there is no need. Now, the member opposite is asking for a judicial review. Some members are asking for a forensic audit. I think that what they are asking is that the reporters keep writing about this story.

There is no further action to be taken because we have had the Conflict of Interest Commissioner look into this matter in depth. The commissioner has interviewed people under oath, looked at where the money has gone, and looked at what happened in this situation. We have been talking about this in the province for years. Despite that, in June 2013, while in opposition, we supported a unanimous motion to have the Auditor General look into this matter further.

[*Translation*]

This is exactly what the Auditor General did, and we thank her for the time and effort she put into writing this report. I would like to point out that this report provides no new information, but that it contains recommendations that will oblige us to be accountable when it comes to developing our economy.

[*Original*]

**Mr. Speaker:** Time, Premier

**Mr. Higgs:** The overall conclusions from the Auditor General's report refer to the Cabinet disregard of the advice of senior civil servants and the fact that the decision to amend security terms was a critical decision that has cost taxpayers millions of dollars. The report says that Cabinet has displayed a very troubling disregard for taxpayers' money, that the legislative authority to amend security was unclear, that a similar situation could happen again, and that nothing the office saw would support a conclusion that decisions were reasonable in the circumstances.

That is directly from the report. Given what we have seen over the past six months with one repeal after another of Acts that actually require responsibility, that actually require reporting of performance, can we expect that the next reform, the next repeal, will be the *Auditor General Act* itself?



**Hon. Mr. Gallant:** I am a bit disappointed. I thought that the failed Finance Minister would have had more constructive comments. Why would they have such a person, who, I think, tried to do good things, make such a political speech?

We are days away from the budget, a budget that is going to be very tough, a budget where there will be difficult decisions to make, which we are trying to make with New Brunswickers. We are days away, and the former failed Finance Minister gets up in the Legislature and talks about a political issue instead of offering constructive advice for the current Finance Minister, a minister who is going to try to deliver a budget to get our finances in order.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Gallant:** If we wanted a demonstration as to why the Legislature needs improvement, we just saw it.

He went through trials and tribulations as the failed Finance Minister, so why would he not get up today and give some constructive advice to our team and to the Finance Minister, who has an upcoming budget, instead of playing politics?

**Mr. Higgs:** There is a real difference here and a shift in philosophy from the party. Obviously, the shift at the very beginning was: How do we get rid of as many measurements of performance as we possibly can? We will create our own communication, our own strategy, and our own reporting.

We updated the Auditor General's report after 30 years of this not being looked at. We did that so that we would have visibility in all governments. We recognize that governments, historically, have opportunities to improve, and that was why we did that.

The point is this: Are we going to leave that alone? Are we going to say that, yes, this is good and that we are going to keep this 30-year amendment because it now reflects other jurisdictions? The idea is that we are repealing Acts that cause performance to be measured consistently and followed.

I want to know this: Is there anything new coming? Is there anything more that we are going to repeal because we are going to say that we will not be measured or compared? I will stand any day on our record of measured...

**Mr. Speaker:** Time, member.

**Hon. Mr. Gallant:** First off, we are changing the way we do economic development because it was not working. We have found ourselves with the past government being the first government in 40 years that was not able to create a net gain in jobs.





The member opposite got up and talked about some of the things that they did with the Auditor General in terms of implementing recommendations. In fact, the Auditor General not only slapped around the previous Liberal government, as she should have, but she also slapped around other governments. She made recommendations in 1998 and in 2010 to improve accountability when it comes to economic development—Recommendations 42, 52, 53, 61, 62, 63, 118, 122, and 129 and, in 2010, Recommendations 31, 53, 75, 94, and 105. None of these recommendations were implemented by the opposition when it was in power, by the failed Finance Minister, so we have no lessons to learn from them.

**Mr. Higgs:** I will acknowledge that, looking at all the past records of governments, we said that there were opportunities to learn. In fact, you can go back in the records and find when the Auditor General recommended looking at all past records and saying: Let's do an analysis. Let's cause departments to be accountable for what they have done every year and for following recommendations. We did the same with the Comptroller, because the same opportunity existed.

The point is that we were prepared to measure it. It was not measured before. We suggested that it be measured. We measured it and said: We will get better through that measurement. My concern is that we have decided not to measure, not to report, and not to be clear. Just trust us; we are doing a better job; we need more flexibility, less accountability. That is my concern.

There is a business management portfolio document that is about 80% complete within Economic Development. It did not get completed before the end of the mandate. The very purpose of that document was actually to define the criteria around how businesses, loans, grants, and guarantees would be monitored. I ask the Premier: Would you dig that document out and complete it, Mr. Premier?

**Hon. Mr. Gallant:** Honestly, when we listen to the opposition members... If only they had had two extra weeks in government, everything would have been solved. Right at the end, they just needed those two extra weeks. Everything would have been done.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Gallant:** Unfortunately, we know that was not the case. My concern is that the opposition members have the audacity to get up and say that we should continue with the status quo. The status quo has given us a stagnant economy. The status quo gave us high deficits. The status quo has made life less affordable for families across this province.

For the failed Finance Minister to get up and talk about measurements is laughable. The failed Finance Minister missed every one of his targets for deficit reduction. For him to get up and try to give us lessons on measurements is a bit rich.

What I can tell you is that we are working hard to create jobs, get our economy going, and get our



finances in order. We will have a budget that will help us to do just that.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Gallant:** We are going to ensure that we move our province forward.

(Interjections.)

**Mr. Speaker:** Order. Members, order.

**Mr. Stewart:** My question today is for the Minister of Tourism, who is also from the riding of Miramichi, regarding his northern tour—the invite-only tour. My question today is this: Was anybody who was invited to participate in that tour involved in any way in the Atcon fiasco?

**Hon. Mr. Gallant:** This is unfortunate. Honest to goodness, we have serious issues in our province. We are going to focus on tackling those issues. That the members opposite would ask for our guest lists and our schedules or ask whether we know the chances of winning the lottery is completely demeaning to the importance of the institution of the Legislature and to the confidence that the people of New Brunswick gave to them when putting them in their seats.

I ask the opposition members to ask pertinent questions. If they want to talk about the Auditor General's report on Atcon, I will gladly answer those questions. I will gladly stand here to talk to them about how we are going to move forward and ensure that mistakes like that do not happen again. That is exactly what we will do. We are changing the way we do economic development and the way we do job creation. We are going to have more accountability by working with the Auditor General, and we are going to have more results than we saw from the previous government, as it was the only government that was unable to create jobs.

**Mr. Stewart:** The member for Miramichi, the Minister of Tourism, could have just stood up and said no, but he is not allowed.

We know that the member has failed to deliver a 300-bed nursing home. He has failed on two promised mill reopenings, and he has failed on Route 11. He has failed on everything for this river. I want to know right now. Tell the people of New Brunswick. What was your involvement with Atcon? Did you lobby for the \$50 million? Why did you spend the \$50 million for the nursing home on Atcon when it never applied for the money? Will you resign today?

[*Translation*]

**Hon. Mr. Gallant:** I would like to congratulate the member opposite; his comments will certainly make headlines. I congratulate him, since obviously that is why he is in politics.



Government members will work very hard on New Brunswickers' priorities. These are clear priorities—creating jobs, creating opportunities for youth and families to stay here in our beautiful province, and putting our finances in order. New Brunswickers have prioritized getting public finances in order; they want us to have the finances and the financial capability to provide various services such as health care and education for many years to come. That is exactly what we are going to do.

We are going to work very hard, hand in hand with New Brunswickers, to achieve those priorities. We ask for support from opposition members, and we would like them to share their suggestions and ideas, since they have a role to play. I am convinced that, together, we can overcome the challenges the province is facing. However, we must work together and focus on the right priorities.

[*Original*]

**Mr. Speaker:** This is the final question.

**Mr. Stewart:** Today, my questions were for the Minister of Tourism, and he failed to get up to say that he did not invite former members who were involved in Atcon to his northern tour. This is what I would like to know today. I wonder whether the member was lobbying for the \$50 million. We know they promised a \$50-million nursing home replacement. They gave all that money to a company. They were never serious about a nursing home. Will the Minister of Tourism resign today, for the people who elected him, for his involvement in the Atcon fiasco?

**Hon. Mr. Gallant:** I am not sure where the member opposite is going. He talked about the situation with the Auditor General, nursing homes, tourism tours, and guest lists. It is unfortunate. We have serious matters, and this situation is one that we will discuss and that we think is serious. We are taking it seriously. Moving forward, we are going to implement the recommendations of the Auditor General.

I can also tell you that what we are not going to do is to continue with the status quo. We have found the status quo to be failing New Brunswickers. We have found the status quo to be creating a stagnant economy and a high deficit. There are families that find themselves having to leave the province or that are worried that their jobs will not be there on Monday. We are going to work incredibly hard to create jobs, to grow the economy, to get our finances in order, and to help families that are struggling, ensuring that they have a strong social fabric with strong education and health care systems. We are going to work with New Brunswickers, and we are going to move our province forward. Thank you.

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

