

December 16, 2015

[Original]

Financial Statements

Mr. Fitch: Yesterday, another red flag was raised for the taxpayers of New Brunswick. Our Auditor General stated that the provincial government's math is not credible and that its 2014–15 deficit figure is not accurate.

I know that math is not a strong point for the Premier. It goes back to the election and the famous CBC interview with Harry Forestell. Harry corrected the Premier's math on TV. The Premier had to do a do-over. We have learned that the only thing the Premier finds harder than math is admitting that he is wrong. We will not ask him whether he is wrong on the numbers, but we will ask him in another way today: Would the Premier like to start by admitting that the Auditor General is right when she says that the deficit figures are inaccurate?

Hon. Mr. Melanson: In response to the question, the audited financials that we presented reflect the state of the financial situation in our province. We have accounted for what was expensed during that fiscal year. We have accounted, based on the recommendations of the Comptroller of the province. That office has expertise and knowledge. It applies best practices from an accounting perspective.

I am very comfortable with the audited financials. The fact is that the only element that the Auditor General qualified is the accounting of the pension regime that was converted to shared risk. That is the only element in the financial statements that was qualified. The rest of the audited financials passed with the Auditor General.

Mr. Fitch: The people of the province are not so naive that they would believe what the Minister of Finance just said. Stating that the qualified books are just one part of it is like saying that Watergate was simply a disagreement on room numbers.

When the Auditor General qualifies your books, the books remain qualified until that disagreement is corrected. The Premier faces a future of having qualified financial statements every year for the next three years, which is the remainder of his mandate, unless they can clear up this disagreement right now. We wonder why the Premier is letting this sit. I know that those members want to be open and transparent. Having qualified books every year means that they are not being open and transparent. Will the Premier commit to fixing this problem now so that he does not have to face qualified books for the rest of his mandate?

Hon. Mr. Melanson: Let's clarify things. The only element of the financial statements that was qualified was the accounting of the shared-risk pension regime. The rest of the financial statements got good audited financials. I will remind the opposition and New Brunswickers that



there are three other jurisdictions—two in New Brunswick and one in Nova Scotia—that accounted for this new regime as a defined contribution. There were the city of Fredericton, the city of Saint John, and Nova Scotia. This is not unique. It is not unique. We have actually accounted for the long-term liability of this regime. It has been accounted for. The Office of the Comptroller recommended this to us, and government accepted the recommendation.

Mr. Fitch: Once again, the Minister of Finance is trying to talk his way out of a bad situation. For the first time in history, he faces a government with qualified financial statements for the duration of its mandate. He knows—and he can ask the member across the Cabinet table—that the government would not lend money to a business that had qualified financial statements. He is saying that it is okay for them to have qualified statements but that the government will not help companies that do.

We are asking the Premier, for the sake of his own credibility as well as that of his Finance Minister, his government, and his Cabinet: Will he make the commitment today to work with the Auditor General, the Comptroller, and the other ministers to correct this inaccurate information that they portray day after day after day? Will he make that commitment today?

Hon. Mr. Melanson: We take very seriously that our financial statements reflect the expenditures of government. We take very seriously that those financial statements reflect the state of our finances.

The Comptroller's Office recommended that we account for this in this way, so we have accounted one element, which qualified the statements. It is only one element, which is the accounting of the pension regime that became a shared-risk pension plan. We have accounted for that as a defined contribution. That is how it was recommended that it be done, and we have accepted this. There are three other places in the Maritimes that have accounted for this in this way.

We believe, based on the recommendation of the Comptroller's Office, that all expenditures were accounted for in the audited financial statements. That is a fact.

Mr. Fitch: I will tell you what the facts are. The fact of the matter is that every time members of this government, these ministers, or the Premier get up to talk about financial figures here in the province, they have no credibility. They have no credibility because the Auditor General would not sign off on their financial statements. That is a serious matter. Every time they talk to the bond raters, every time they talk to business owners across the province, and every time they try to get business here in the province, those people will know that these guys have incorrect numbers that they are toting around the globe.

It is a serious enough matter that we feel the Premier should take the leadership role on this and make a commitment today that he will correct the numbers and get an agreement across all fronts so that he will not have qualified statements, not just on their first ones but also their second, third, and fourth. That will be historic, when this Finance Minister has all his statements



qualified for the duration of his tenure. Commit today. Make the correction so that we gain back some credibility.

[*Translation*]

Hon. Mr. Melanson: The Leader of the Opposition states all kinds of things that are not factual. Credit rating agencies have not shown any concern whatsoever about our audited financial statements. The Office of the Comptroller, which has a great reputation and credibility, recommended that we account for government expenditures using the accounting method that we used, for one element only, which was the conversion of the pension plan to a shared-risk retirement plan.

The facts are on the table. We accounted for all expenditures incurred during that year, and we are satisfied with the financial statements.

[*Original*]

Atcon

Mr. Fitch: I will give you a couple more facts on another topic. Let the record show that we warned the Premier about having qualified audited financial statements. We know that there are some facts out there. We know that the present Minister of Health loaned a substantial amount of money to a company whose future was in jeopardy. We know that the Minister of Health allowed money to go to Atcon when the government knew that the Deh Cho Bridge project was in trouble.

We have had a lot of interesting talk lately, but we know that the Gallant government feels that police officers should be suspended without pay when an investigation is going on. Does it not stand to reason that the Premier should suspend the Health Minister until the Auditor General has completed the investigation of Atcon? It makes logical sense that this should be done based on the principles that this government has been touting for the last year. Will the Premier ask the Minister of Health to stand down?

Hon. Mr. Melanson: This file, which the opposition has been bringing to the Legislature's attention for the last 12 months, happened seven years ago. Over the last seven years, there have been two important reports and analyses—one done by the Conflict of Interest Commissioner and one by the Auditor General. The Auditor General, when she did her report, came out with some very solid recommendations—very serious recommendations. Guess what! We have implemented those recommendations as a government. We have implemented those recommendations because they improve the process and the decision making. We have actually made amendments to the legislation to incorporate those recommendations.

If the Auditor General feels that she wants to do more assessment of that file, we will cooperate fully, but she has a budget, and she will have to work within that budget.



Mr. Fitch: Well, there is qualified support, if I have ever seen it.

Asking the Health Minister to step aside while this investigation goes on makes sense, and I will tell you why. The Conflict of Interest Commissioner did do a huge investigation, and the Premier of the day was found guilty. Shawn Graham was found guilty of a conflict of interest. Historically, that was the first time it ever happened. That is why, again, in looking at the credibility of this government, it needs to try to gain back some of the credibility that it has lost.

If you look at the Minister of Health, he overruled his staff when he gave the money to Atcon, but he sides with his staff when you look at the request for drugs for Morgan Doucet. He set Dr. Cleary aside when there was an investigation going on. Again, that is why, in order to have some credibility on this file, the Premier should ask the Minister of Health to step down right now.

Hon. Mr. Melanson: Speaking of credibility, we have met our deficit target twice in the first year of our mandate, contrary to the previous government, which never met a deficit target over four years. We on this side of the House are working very hard. We are taking things very seriously. We want to get our fiscal house in order. We want to make sure that jobs are being created for New Brunswickers. To do so, we need to get our fiscal situation back on track, where the previous government failed. Even though it promised it, over four years, it failed. Now, those members are in the opposition, and I see why.

We are going to keep working really hard to get the fiscal situation of our province back on track, and we are going to make sure that all expenditures are accounted for, as we did in our first financial statements. That is important for us, and it is important for New Brunswickers. We have to make sure that the opposition works with the government to make sure that we send the right message to the investors that can invest in our province.

Mr. Fitch: Again, the Minister of Finance is talking himself into a corner. If he wants to go out to those people and tell them to come and invest in this province, he will have to say this: Now, we do not give you the right numbers; they are not accurate, and we cannot get an unqualified statement from the Auditor General.

So, our numbers are wrong, and he is now going to go out in the world and say: Come invest with us. If a company had qualified financial statements, this government would not be lending it money. It goes back to the credibility of this whole group.

We saw where the Minister of Health overruled his staff when it came to the Atcon file. We saw that he will not overrule his staff when it comes to helping Morgan Doucet get some drugs that he needs. We saw that Dr. Cleary was set aside because there was an investigation going on.

It just makes logical sense when you look at the other file that I talked about, with the police, so will the Premier take the leadership role and set the Minister of Health aside until the investigation is done?



Hon. Mr. Melanson: The opposition wants to live in the past. The reality is that investment is happening in our province. Just call BMM. It has announced that 1 000 jobs are to be created in the province. It believes in New Brunswick. It believes in New Brunswick, and that was also following our financial statements that were brought forward.

Jobs were created in New Brunswick in the last four months. Investment was made in New Brunswick. Those members failed to do that when they were in government. They could not attract investment. They could not set the right conditions for economic development and job creation. We are doing so. We are doing so with a very serious agenda with regard to job creation, getting our fiscal house in order, and accounting for all the expenditures of the government within that fiscal year.

Mr. Fitch: If BMM Testlabs had had qualified financial statements, would the member opposite have given it any money? I think not.

He is going out with qualified financial statements and trying to get investments. Again, we are showing some inconsistency on the government side. The 1 000 jobs that those members talk about being created do not start until the end of next year. Again, what we hear from the Minister of Finance is inaccurate, just like the inaccurate numbers that he talks about every time he talks about his deficit.

Once again, going back to the credibility of this government, we have seen it time and time again. A year ago, the Premier did not want to talk about Atcon. He wanted it swept under the rug. Now, when we see it going forward, we see that flip-flop. The Premier can gain some credibility and ask the Minister of Health, who is responsible for this file, even if it was seven years ago, to step down.

Hon. Mr. Gallant: I have to point something out. This morning, the Leader of the Opposition is telling us that, seven years ago, the government of the time should have listened to Business New Brunswick. Then, today, he is telling us that we should not be listening to the Comptroller. Today, he is telling us that we should not be listening to the Department of Health for our decisions. He is saying that we have to follow to a T everything that the Auditor General tells us, which we are actually doing. We are cooperating with her. Then, in the same breath, in the same question, and during the same question period cycle, he is saying that we should not listen to the Official Languages Commissioner, and he is saying that we should doubt the credibility of the Access to Information and Privacy Commissioner.

Really, at the end of the day, this shows us two things. No matter what we do, the Leader of the Opposition is going to criticize. He does not care about the future of the province. He wants to score political points. The other thing that is certain is that we know that we should not be listening to the Leader of the Opposition.



Mactaquac Dam

Mr. B. Macdonald: Unfortunately, due to the conduct of this government, we on this side of the House do have many concerns about the future of New Brunswick. My question now is for the Minister of Energy and Mines. I am wondering if the minister could tell the House why he felt it was appropriate to allow previous Liberal Premier Shawn Graham to lead a tour of Chinese investors through the Mactaquac Dam.

Hon. Mr. Arseneault: What individuals around New Brunswick do for a living is none of my concern. I can tell you that NB Power is going through a very public, open, and transparent process with the Mactaquac Dam. A major decision needs to be made in the very near future. That process is independent from government. We are letting NB Power do its job. By the end of 2016, it will provide a recommendation to the government, and, at that time, we will have to make a decision.

Mr. B. Macdonald: We share this government's concerns about the future of the province and, certainly, about the future of the Mactaquac Dam. It is important to note that this is the same Shawn Graham who tried to sell NB Power to Quebec in a secret deal. It is the same Shawn Graham who led \$70 million of taxpayers' money through Cabinet to Atcon. It is the same Shawn Graham who was found guilty of a conflict of interest in that very matter. I think that the minister has to explain to this House why he is allowing the previous Liberal Premier to take Chinese investors through a secure facility that is under his control.

Hon. Mr. Arseneault: First of all, the Shawn Graham government did not sell NB Power. At the same time, if you want to talk about potential sales of NB Power, I could go back to Bernard Lord. Bernard Lord took the CEO of Hydro-Québec to Larry's Gulch. I know that you guys are very familiar with Larry's Gulch.

(Interjections.)

Mr. Speaker: Order.

Hon. Mr. Arseneault: He took him there to talk about the potential sale of NB Power at that time. We have no lessons to learn from the opposition.

It is unfortunate. As the Premier mentioned earlier, it is all about politics, time and time again. The members opposite are all about living in the past. It is as though we have a doll of the member for Fredericton-York with a string in the back. We just pull that, and we keep hearing the past all over again and again and again.

When we were elected and took office, we were left with a \$600-million deficit. We have some tough choices ahead, choices that the former government did not want to make. We are ready to make those choices—hard choices—with New Brunswickers. The only thing missing from that table are the ideas from the opposition.



Mr. B. Macdonald: I always love to hear a history lesson from the member opposite. At the same time, we on this side are looking to the future. In fact, today, we are going to debate a bill that was introduced by this government just yesterday, a bill about amendments to the *Crown Construction Contracts Act*. That Act specifically seeks an exemption for major capital projects by NB Power, such as the sale or refinancing of the Mactaquac Dam. I am wondering this: Is Shawn Graham somehow involved in a deal to refinance or sell Mactaquac Dam? Could the minister give us some clarity on this matter?

Hon. Mr. Gallant: I have to get up yet again. I have to take issue with what is being said by the member opposite. He said, I think, three times, that the opposition cares about the future of New Brunswick. Right after that, he started talking about 2007, 2008, 2009, and 2010. It is incredible because it is not as if we do not have something to discuss in the present. It is not as if we do not have something to discuss that is incredibly important for the future of New Brunswick.

We have shown New Brunswickers, in an unprecedented and transparent way, the decisions and the choices that we have to make to get our province on a strong financial footing so we can invest in the priorities of New Brunswickers—so we can invest in job creation, so we can invest in education, and so we can invest in health care. The member opposite says that he cares about the future of New Brunswick, so he should stop talking about an election that happened years ago, that the members opposite won. They have to be reminded that they went through one just recently that they lost.

Appointments

Mr. Fairgrieve: Two weeks ago, when questioned about the five-month vacancy in the office of Conflict of interest Commissioner, the Premier stated: We have been looking. He elaborated: It is not easy to find a replacement.

Does the Premier not know—is he not aware—that there is an open, nonpartisan process for the selection of legislative officers? It is a process that was introduced in this Legislature two years ago, a process that takes politics out of appointments, a process that has received unanimous support from all parties, and a process that has been used successfully in the selection of the last three legislative officers. Why did the Premier choose to deviate from this process and bring politics back into appointments?

Hon. Mr. Gallant: I very much appreciate the fact that the member opposite, in his important role as Legislative Officers Critic, is getting up and asking that question. First, both appointments we made were interim appointments. They were given to current commissioners, and current commissioners who were appointed by the group on the other side of the Legislature, which is incredible.

It is absolutely incredible how the Leader of the Opposition and his team try to rewrite history. It is incredible that they do not tell New Brunswickers that Anne Bertrand, who is now the



Acting Conflict of Interest Commissioner, was actually appointed by them when they were in government. It is incredible that they do not say that the Conflict of Interest Commissioner who, unfortunately, had to resign is a former PC candidate. It is unfortunate that they do not say that the current Ombudsman was a former EA for a Tory minister. For the member opposite to get up and say what he just said is a bit rich, and it is a bit unfortunate.

Mr. Fairgrieve: If the Premier is so impressed with his selection, why did he choose to extend Anne Bertrand's appointment as the Access to Information and Privacy Commissioner in secret? Why did he do it behind closed doors? When this officer's appointment was extended, there was no statement made, there was no notification to the Legislature, and there was no press release. There was not even the Friday-afternoon-before-a-long-weekend type of press release that this Premier chooses to use when he is trying to pull the wool over the eyes of New Brunswickers. Why has the Premier chosen this political friend for a nonpartisan appointment?

Hon. Mr. Gallant: I do not think the member opposite listened to the answer. I do not think he knows what has happened. This is actually a commissioner who was appointed by a Conservative government. It is incredible. I actually appointed somebody as acting commissioner, probably for a few months, who was a commissioner under the previous government.

What is really incredible is this. There is a standard in the Legislature to respect the commissioners because they are supposed to be independent. I think that to have the Leader of the Opposition come out and question the credibility of the Access to Information and Privacy Commissioner is unprecedented. I think it is a slippery slope, and it is quite dangerous.

For the members opposite to try to say that we have made it political when it was an appointment made by them, when the last Conflict of Interest Commissioner was a candidate for the PC Party, I think, is deplorable. The worst thing is that we know why they do not like Anne Bertrand. It is because she shed light on what they did with Larry's Gulch when they were in government.

Mr. Fairgrieve: Clearly, this is another Liberal appointment. The individual has been a contributor to the Liberal Party. She was a failed candidate for the Liberal nomination in the riding of Fredericton-Silverwood. This is an individual who appeared on the cover of *Rolling Stone*—Shawn Graham's platform. Can the Premier now enlighten us on just what his definition of "independent" really is?

Hon. Mr. Gallant: I am discouraged. I am incredibly discouraged by the opposition questioning the credibility of the commissioners today. They are independent. They are accountable to the Legislature. They are all doing good work.

Do you want me to be frank? Alfred Landry, the former Conflict of Interest Commissioner, is a good guy. I wish him nothing but the best in his endeavours. Charles Murray, the Ombudsman, a former executive assistant to a Conservative minister, is a good New Brunswicker. We will not



always agree with what he says, but I know that he is doing good work on behalf of the people of New Brunswick. Anne Bertrand is the exact same. She was never appointed by me. She was only asked to be the acting Conflict of Interest Commissioner as we go through a review.

I think the actions of the opposition today are deplorable. To question the credibility of good New Brunswickers, not to question those who are past PCs, and to question one who shed light on their misuse and on the scandal at Larry's Gulch under the former government is deplorable.

Capital Budget

Mr. Coon: This week, the government will table its capital budget for debate. Here is the good news: The Prime Minister has indicated that, under his leadership, \$20 billion will be invested in social infrastructure over the next decade for things like affordable housing, seniors' facilities, and early childhood learning centres. These are all the kinds of social infrastructure that we desperately need in New Brunswick. Has the Minister of Finance placed a higher priority on investing in social infrastructure, given that the Prime Minister has made it one of his priorities?

[Translation]

Hon. Mr. Melanson: The fact that we now have a partner in Ottawa is good news. We finally have a partner in Ottawa who will be able to invest with us in our province to ensure that files like the one mentioned by the member can move forward.

As New Brunswickers and opposition members know, as a government, we decided to make strategic capital investments here, in New Brunswick. Firstly, we want to stimulate the economy; secondly, we want appropriate infrastructure. Housing in New Brunswick is certainly part of all that.

An overview of the Capital Budget will be tabled tomorrow. When we hold formal discussions with the federal government regarding the investments it intends to make, we will be able to respond to the request with our strategic investment program, based on our ability to pay.

[Original]

Mr. Coon: More good news: One of the priorities of the Prime Minister is to make substantial investments to improve public transit in Canada's cities, to strengthen our communities, to grow their economies, and to cut carbon pollution. Historically, the provincial government has not supported transit in our cities, unlike most provincial governments. In light of this, is the Minister of Finance now open to investing in public transit in our cities?

Hon. Mr. Melanson: Contrary to the member's statement, we have invested in public transit. We have done it in a few areas of the province, and it is certainly something that we support. It is the right thing to do when it is possible.



Again, with regard to the strategic investment initiatives that we have built into our capital program, these will allow us, as a government, to invest strategically, in partnership with the federal government. In a true partnership with the federal government, we will be able to stimulate the economy in the province and create some jobs but also respond to some of the needs that we see in our province in terms of housing—there is a great need there—or helping out the most vulnerable in our society.

We are very pleased to be presenting a capital budget tomorrow. We are also very pleased that, with the Strategic Infrastructure Initiative, we will have the flexibility to do so.

Mr. Speaker: Leader of the third party, this is your final question.

Mr. Coon: Again, the Prime Minister has committed to spending \$6 billion in sustainable infrastructure to fight climate change and protect us from its consequences. New green infrastructure is needed to cut carbon pollution, and we need more carbon-resilient infrastructure to withstand the kind of flooding that has plagued New Brunswick with the increase in rainstorms and storm surges. Does the Minister of Finance see an opportunity to help New Brunswick make the transition to a low-carbon economy by tapping into these funds?

Hon. Mr. Melanson: That is a good question. In the first fiscal year, we invested in the home energy retrofit program. Tomorrow, we will see what there is for the coming year.

Again, our Strategic Infrastructure Initiative will allow us to react to or act on what the federal government brings forward. We are still waiting for those specific criteria. We are still waiting to have a formal conversation with the federal government with regard to some of the initiatives it wants to bring forward, and we will certainly be at the table to discuss them. We will be at the table to get as much as we can on behalf of New Brunswickers, to address some of the issues the opposition member is raising and, certainly, to address the needs of New Brunswickers with regard to infrastructure and potentially green infrastructure.

Mr. Speaker: The time for oral questions has expired.

