

February 5, 2016

[Original]

### Harmonized Sales Tax

**Mr. Fitch:** In the past, we have seen Premier Gallant jump to the support of his Liberal counterparts across the federation. We saw it when he jumped to the support of Premier Wynne and Premier Couillard when they said that they wanted to put environmental conditions on the west-to-east pipeline. He was quick to say that those were reasonable. Now, we can see that these have caused a delay in jobs, a delay in construction, and a delay in opportunities for the province.

Recently, we heard that the Premier of Newfoundland said that a 2% rise in the HST is a job killer. Could the Premier tell us whether he agrees with the Premier of Newfoundland, Dwight Ball, that a 2% rise in the HST is a job killer?

**Hon. Mr. Boudreau:** I have to react to the preamble of the member opposite because he continuously tries to insinuate and make New Brunswickers believe that our Premier and our government are against the pipeline project. The members opposite do this repeatedly. I do not know how many times the Premier has gotten up on the floor of this Legislature or how many times he has spoken publicly—as recently as the State of the Province Address and again in the budget speech—and said that the pipeline project is a project that we support.

It is a project that we want to see happen. It is a project that the Premier was actually working on again yesterday in a very proactive way, meeting with different stakeholders involved in this project, because it is a project that is important for the future of New Brunswick. We wish that the opposition would help us move this project forward instead of continuously trying to make New Brunswickers believe the opposite.

**Mr. Fitch:** The Premier chose not to defend his position on this. We know that the conditions that have been put on it by the Quebec government have caused the pipeline to be rerouted and a terminal to be terminated in the Quebec area. Certainly, the conditions that the Premier supported lead us to conclude that he is willing to jump to the support of his Liberal Premier friends.

My question was very specifically about the 2% rise in the HST, with respect to the budget that was put out on the floor of the Legislature. Premier Ball, from Newfoundland, has said that the 2% rise in the HST is a job killer. I am just asking the Premier and the Minister of Finance whether they agree with Premier Ball, the Liberal Premier of Newfoundland, when he says a 2% rise in the HST is a job killer.



**Hon. Mr. Boudreau:** Again, I am not going to let the Leader of the Opposition get away with the preamble to his question because the preamble to his question was all about the pipeline. Again, he is trying to make New Brunswickers believe that we are somehow against the pipeline project. We have done everything we can to support this project publicly. The Premier has made it a priority of his. Economic development and job creation are priorities of this government. The pipeline is part of that vision. There is nothing we want more than for that pipeline to happen. There is nothing New Brunswickers want more than for that pipeline to happen, to bring the jobs and the prosperity that come with it.

I wish the Leader of the Opposition would help us to promote the positives of this project and help us to defend New Brunswick's interest. It is in everybody's interest for this pipeline project to happen and for it to make it to New Brunswick. The fearmongering that is going on in the opposition is simply not acceptable.

**Mr. Fitch:** If the member opposite will remember, it was our government that brought the pipeline here to the province. Since they have taken over, it has been delayed. It has been stalled. That is the reality.

The member opposite talked about jobs being a priority. If jobs are a priority of this government yet we have Liberal Premiers in this federation who have said that an increase of 2% in the HST is a job killer, how can this minister stand up and say that jobs are a priority when they have put forward a 2% job-killing HST hike here in the province? Who is right? Is it the Premier of Newfoundland, who says that a 2% HST increase is a job killer, or is it the member opposite, who says that the HST will not kill jobs here in the province?

**Hon. Mr. Boudreau:** Again, as long as the Leader of the Opposition keeps talking about the pipeline project in his preamble, I am going to keep talking about the pipeline project. Again, for him to suggest here that it is our government or that it is the province of New Brunswick that is somehow slowing down this project is simply not acceptable.

*[Translation]*

The Leader of the Opposition knows full well that our Premier and our government support the pipeline project. We are doing everything we can to make this project happen. Job creation and economic development are our government's top priorities, and we will do everything we can to push this pipeline project. Rather than continually trying to convince people and the media that we are against the project, for which the Leader of the Opposition just tried to take credit, he should work with us so that, together, we can convince the other stakeholders that this project is good for New Brunswick.

*[Original]*

**Mr. Fitch:** Once again, the member opposite is being selective in the words that he is using. Again, I am asking about the HST hike that they put on the floor. I am just saying that Premier



Ball is going to be here Tuesday night. Perhaps the member opposite could ask him if he truly believes that that 2% rise in the HST is a job killer. This government has chosen to increase the HST by 2%, and its Liberal counterparts across the Atlantic Provinces are okay with that. The Premier of P.E.I. is good. The Premier of Nova Scotia says that it should be done or that it should be even higher. But the Premier of Newfoundland says it is a job killer, so will the minister opposite take this question under advisement and say that, on Tuesday night, he will ask Premier Ball whether he still believes that a 2% rise in the HST is a job killer?

**Hon. Mr. Melanson:** This budget and this fiscal framework are about getting rid of the structural deficit. That is exactly what we have laid out.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Melanson:** It is also about investing in education and protecting health care. We are focusing on New Brunswick's priorities. That is something that the previous government was never able to accomplish—never able to accomplish.

We have a plan that will allow us to invest in education, protect health care, get rid of the structural deficit, and see job creation in the province. We have a plan. It is solid, and New Brunswickers agree with this plan because we have consulted with them extensively. They took part in the solution, and it is a solution that will get the problem fixed.

(Interjections.)

**Mr. Speaker:** Order.

**Mr. Fitch:** If the members opposite can fix the structural deficit, why will the budget not be balanced in the remainder of their mandate?

**Hon. Mr. Melanson:** This is a plan that is balanced. We have a plan that is going to get rid of the structural deficit.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Melanson:** We had a government before us that was focused only on trying to find efficiencies, which we are also very much focused on finding, and we have identified efficiencies. However, New Brunswickers just told us, as we consulted with them, that they want to see part of the solution as revenue streams. As we bring in the increase to the HST, we are protecting the most vulnerable. Out of the \$300 million that will be generated, an HST provincial credit of \$100 million will go back to the most vulnerable. We need to protect these



individuals, but we also need to get the structural deficit out of our way and to get to a point where we have a solid fiscal plan.

**Mr. Fitch:** The Minister of Finance can say flowery words as much as he wants and as loudly as he wants, but the reality of it is this: He will not balance his budget for the remainder of the government's mandate.

In his budget speech, he said that the government would cut out waste. On our desks, from this government, we have seen something that gives inconclusive or inappropriate facts. It does not tell the whole story. When the government talks about waste, it is saying one thing and doing another.

Last year, the Minister of Social Development said that raising the HST was the lazy way out. Given the fact that there is no fix by this government of the structural deficit, because there was none to start with and it was just the government's spending habits, has the Minister of Finance convinced the Minister of Social Development that raising the HST is not the lazy way out?

[*Translation*]

**Hon. Mr. Melanson:** We have been very consistent in what we have said and done.

Since the 2014 election campaign, we have been saying that we want to balance the budget during the 2020–21 fiscal year, and that is exactly the fiscal framework we presented here in the House.

The solution we proposed and in which New Brunswickers have been actively involved is not easy—it is not easy. However, we have a situation that the previous government was never able to rectify and resolve. We had an average structural deficit of \$400 million a year; this is money we have to borrow. This situation must be resolved, and the fiscal framework we have today allows us to invest more in education, protect health care, and get rid of the structural deficit that we had. We will have a fiscal plan...

[*Original*]

**Mr. Speaker:** Time, minister.

## Gross Domestic Product

**Mr. Fitch:** Yesterday, our Finance Critic, the former Finance Minister, explained very well that there was no structural deficit and that this government is actually increasing spending, which will lead to further deficits. The minister talks about his platform and about how the government has said that it is going to balance the budget. Again, the information that the



government has given us says that the government will not balance the budget within this mandate.

In the *Economic Outlook* that was also released with the budget yesterday... My former employer, Scotiabank, says that the GDP forecast for this year will be 1.2%. I wonder why the Minister of Finance has put in his budget document that the fiscal growth for the province will be only 0.4%. Can the minister explain why he is substantially under even the lowest end of the projections? TD Bank was at 0.9%, and CIBC was at 0.9%. Why is the minister saying that the growth will occur at only 0.4% of the GDP growth this year?

[Translation]

**Hon. Mr. Melanson:** In response to the Leader of the Opposition, I want to say that the fiscal framework we presented is very solid and will bring in a projected deficit of \$347 million in 2016–17, while it will be \$267 million in 2017–18. In 2018–19, the deficit will come in at \$167 million and, in 2019–20, it will be \$49 million. However, in 2020–21, we will have a \$21-million budget surplus, as we had promised during the 2014 election campaign.

The economic environment is fragile. We only have to look at what happened two weeks ago at the Picadilly mine in Sussex. The international and national fiscal environment is fragile, and New Brunswick is not isolated from these events and this environment. We are extremely focused on economic development, we are working hard, and the fiscal plan will enable us to grow the economy...

[Original]

**Mr. Speaker:** Time, minister.

**Mr. Fitch:** The Minister of Finance did not answer the question about the document that he put out and that he signed off. I am just asking: Why is he choosing a 0.4% growth in the GDP when Scotiabank is predicting 1.2% and TD Bank, 0.9%? I wonder whether the minister stands behind the numbers in this book, because the numbers in this book also show a net job loss for the time within his mandate and it is within his mandate that the government talks about. If the government had followed our plan, we would have had a balanced budget right now.

(Interjections.)

**Mr. Speaker:** Order.

**Mr. Fitch:** We would have had a balanced budget if the government had followed the plan. Does the minister stand behind the job loss numbers that are put out in this *Economic Outlook* book that, again, was distributed with the budget documents?



**Hon. Mr. Melanson:** If only the official opposition would help us to promote some of the very important projects that we are working very hard on, such as the Energy East project, we would be able to have a constructive conversation on the floor of the Legislature.

The forecast that we brought forward in terms of economic growth is prudent. It is very prudent. It looks at the international and national situations. It is based on a forecast that does not include major projects like the Energy East project and the Sisson mine and any incremental federal help on infrastructure. It is very prudent. We want to take a prudent approach. That is how we manage the financial situation of the province. It is a prudent approach, and it is being very realistic.

We are working very, very hard to control expenditures, and we are working very, very hard to have incremental revenues through economic development. That is our plan, and that is our focus. We are on it.

## Budget

**Mr. Higgs:** Every time we hear that money is going to be saved, the deficit goes up, so I would like just to recap the last three years. The government started, at the end of 2014–15, with a structural deficit of \$281 million—a structural deficit of \$281 million at the end of 2014–15. The next time, those members said: We saved \$115 million in this next budget. What was the deficit? It was \$476 million. That was the budget. Now, we see that the current information is \$466 million. Then, this year, when they saved \$300 million and increased taxes by \$300 million-plus, our deficit now—our structural deficit, according to Richard Saillant, in an apples-to-apples comparison—is \$400 million, with the \$50-million play fund that is in there with the contingency fund.

Could I ask this of the Minister of Finance: How can he possibly stand here and agree that we are getting our house in order when, every time he speaks, the numbers get worse?

**Hon. Mr. Melanson:** Here we go again. This gentleman who gets up and who wants to take credit about his prudent fiscal management was never able to get the job done. His first fiscal plan came in with a projected surplus of \$6 million in 2014–15. The result was a \$389-million deficit. His second fiscal plan came in with a projected deficit of \$271 million in 2014–15. The actual result was a deficit of \$389 million. Then he came in with a projection of \$391 million. The actual result was \$389 million because we handled 50% of that fiscal year and managed prudently and below his projections.

We have a serious situation. We are working very hard and in a prudent fashion to get our fiscal situation on track. This morning, I just laid out the plan for the next five years to get the structural deficit out of our way so that we can keep investing in education, protect seniors and health care, and see...

**Mr. Speaker:** Time, minister.



**Mr. Higgs:** I would like to thank the Minister of Finance for that recap because, if you start at the beginning of that and go to the end of it, there is a \$440-million improvement in the structural deficit. Thank you very much for confirming that.

Would you agree, then, when you go to the next step, that the problem that we are in is the spending? I remember listening ad nauseam to the current Minister of Energy, in our past time, talking about the spending promises that were made by the previous PC government: It is just unbelievable. That is why you have this problem.

Guess what! We learned from that. In the 2014 election, our total budget was \$117 million, including the \$50 million in the catastrophic drug program. It was \$30 million per year. Yours was \$300 million per year—a tenfold increase. Do you understand why we have a problem? You cannot stop spending.

**Mr. Speaker:** Member, please address the Chair.

**Mr. Higgs:** That is why we could balance the budget.

**Hon. Mr. Melanson:** I understand why we have a problem—they could not get the job done. They could not get the job done. We have a plan that will get us to a surplus in 2021. It is going to be hard work. It is going to take a lot of discipline, but the plan is laid out.

I will admit that the former Minister of Finance controlled the expenditures. I have said that many times. However, there is one key component that he did not realize that he had to focus on too. It is about seeing economic development and seeing job creation. That was the government that, over so many decades, had no job growth. One year, the economy actually retracted under his watch, under their watch. Now, the members opposite are trying to give us a lesson on how to fix the problem.

We have a balance. We have efficiencies. We are investing. Job creation will come, and we have a fiscal plan that will get it done.

**Mr. Speaker:** Time.

**Mr. Higgs:** Newsflash: Current full-time job levels are down by 4 600. Overall, the job levels are down by 1 100. That is a job creation program. I know that you are hoping for the cash cow from Ottawa, which is very cash-strapped as well.

**Mr. Speaker:** Member, I am going to ask you one more time to please address your comments through the Chair.

**Mr. Higgs:** I am sorry, Mr. Speaker.



You are hoping that the funds will flow from Ottawa. You are hoping that the funds will come down. You could find all kinds of taxpayer-funded jobs, and the job numbers will artificially go up for a sustained period and at least last until the next election. However, inconsistency has been a consistent factor of this government.

I would like to ask you a simple question. In the last budget, the \$150-million contingency fund or slush fund or whatever you want to call it was considered to be the be-all and end-all for a made-up budget. We needed to understand and to have flexibility. Now, we see that the contingency fund is no longer needed. We are phasing it out, with a \$50-million drop this year. What has changed in the definition of the slush fund?

**Hon. Mr. Melanson:** The former Finance Minister who could not get the job done keeps saying that he reduced the forecasted structural deficit by \$400 million. He keeps accusing us of or saying that we are raising some taxes. During the four years that he was Finance Minister, he raised homegrown, New Brunswick-generated revenue by \$400 million. That was on his watch. The members opposite also focused on incremental revenues. The members opposite actually increased the provincial income tax by almost \$200 million every year and still could not get the structural deficit out of our way.

We are working hard, and we have a very solid fiscal framework that will allow us to protect health care, invest in education, get our fiscal house in order, and see economic growth.

## Tourism

**Mr. Wetmore:** Before they were in government, the Liberals said that they were committed to “Recognizing the economic benefits and potential growth opportunities in our tourism sector by working with the Tourism Industry Association of New Brunswick and other stakeholders to support our operators and enhance this vibrant sector of our economy”.

In its budget, the Gallant government announced the closure of two visitor information centres, one of them on Campobello Island. Recognizing that this is a unique tourism opportunity with the Roosevelt Cottage and recognizing that the strength of the Two-Nation Vacation makes New Brunswick an even more attractive destination, how on earth can the Tourism Minister justify the closure of this visitor information centre?

**Hon. Mr. Fraser:** I do not know where the member opposite has been for the past year, as we went through the Strategic Program Review process, and during the tough financial situation that our province is in. Everybody has to do his or her part. He is correct that TIANB is a terrific partner of ours. We have been in consultation with those people.

The closure of these two visitor information centres represents less than 10% of the visitations that come into the province. One of the visitor information centres is actually at an exit point. The majority of the people who came into that centre were people who were actually looking for information about Prince Edward Island. The other visitor information centre acts more like





a municipal visitor information centre, and we are working with our partners at Roosevelt Campobello International Park and with the people on Campobello to see a good opportunity for the future of that site. We have also been in discussions with Commissioner Gervais. I personally met with him in Maine before Christmas.

**Mr. Wetmore:** The present location of the VIC is certainly a prime spot on Campobello. The government is moving it away or is supposedly doing so.

I expect that the member for Charlotte-Campobello is agreeing with me under his breath that this closure is one of the more ridiculous choices that the Gallant government has made during its 16 months in office. It is also another move that he has to go home and defend. I would like to ask the Tourism Minister if he consulted with his colleague from Charlotte-Campobello before moving ahead with this closure, which was clearly poorly planned and even more poorly timed. What did the member for Charlotte-Campobello have to say to the Tourism Minister? Does he support the closing of this VIC on Campobello Island?

**Hon. Mr. Fraser:** On this side of the House, we work as a team. We make our decisions together, as a team. Moving forward, we will continue to work as a team. We will work with our partners on Campobello, and we are going to work with our partners at Cape Jourimain as well.

Certainly, we have had a lot of good cooperation from the people on the ground at Campobello. As I said, I have met with the people at Roosevelt. I have had a discussion. I have reached out to the Mayor of Campobello. As I said, I went to Maine, and I met with Commissioner Gervais. We talked about the Two-Nation Vacation, how we can strengthen that partnership, and what type of partnerships we could also have on Campobello. I want to point out also that information is still going to be available on Campobello. We have a provincial park there in Herring Cove, where all the information will still continue to be available, as it will at Roosevelt.

**Mr. Wetmore:** I am hoping that the minister is going to put on the floor of the House what the people from Campobello said in regards to the SPR tour, saying: Yes, we want our VIC closed. We will wait for that to be put on the floor.

I do not understand how a government as dedicated as this one is to advertising and promotion justifies closing visitor information centres. Closing the centre on Campobello just makes no sense.

I must wonder about the centre at Cape Jourimain as well. Does the Tourism Minister happen to know how many visitors passed through the Cape Jourimain visitor information centre each year? Does he happen to know how many brochures it distributed each year? Does he know what other services it offered? Most importantly, does the Tourism Minister know whether we were getting a good return on our investment in that particular VIC?



**Hon. Mr. Fraser:** As I said earlier, I wonder where the member opposite was for the past year. I wonder what his choices were in the SPR process review. In fact, I wonder whether he even participated. I know that many members opposite did not even participate in the process. It is a little rich for him to be here today talking about choices when he did not even give us his choices or what his suggestions would be to fix the financial situation that we are all facing in the province.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Fraser:** As I indicated, we are going to continue to work with our partners on Campobello. We are going to continue to work with the Roosevelt Campobello International Park, which is a terrific partner of ours. We are going to continue to work with our partners in the state of Maine to find a better, more viable solution for that site than what it is being used for. The information is still available. It is going to be available at Herring Cove Provincial Park. That service is still going to be provided.

## Sports

**Mr. Holder:** It is a well-established fact that, if New Brunswickers were active in some form of physical activity for 30 minutes per day, it would reduce the chances of type 2 diabetes by almost 60%. One of the best ways to accomplish that is by having in place a sports plan that promotes physical activity.

I am wondering whether the Minister of Tourism, Heritage and Culture, the minister who is responsible for sport development, will say today that he agrees with that statement. Further, can he give us some examples of how he is going to use the Sport Plan to accomplish that?

**Hon. Mr. Fraser:** Thank you for the question. Certainly, the sport and recreation part of my department is very integral to moving our province forward and helping our population to be healthy. To have a wellness strategy in our province, we are going to continue to work with all our partners to ensure that physical activity is a part of daily activity for people throughout the province. I know that we have been very active with the various stakeholders within the program of sport and recreation and our department will continue to be.

**Mr. Holder:** I am glad the minister said that, but the dollars do not match his commitment to that. If you look at page 152 of the *Main Estimates*, it clearly indicates that Sport and Recreation is down by \$500 000 in this year's budget. That is not funding a sports plan. While we were in office, we had 25% increases each and every year, to the point where we doubled the sports plan budget. This is a 25% backtracking on that.

(Interjections.)



**Mr. Speaker:** Order.

**Mr. Holder:** How can this government say it is committed to sport development and to health and wellness in the province when it is gutting the Sport Plan by \$500 000?

**Hon. Mr. Fraser:** Again, this is rhetoric coming from the members opposite before they have the facts, and I am going to give them the facts right now. While there was a grant reduction exercise at Tourism, Heritage and Culture as part of the budget process, I can assure the member opposite that the \$616 000 reduction in the Sport and Recreation budget was, in fact, not a reduction in the budget.

When the former Department of Healthy and Inclusive Communities was dissolved, effective April 1 of last year, funding for the school wellness program, along with two funded positions, was transferred to the Wellness Branch of Social Development from the budget of the Active Communities Branch in Tourism, Heritage and Culture. It was determined that this program was better aligned with the Wellness Branch's broader mandate around mental fitness, healthy eating, physical activity, and tobacco-free living as well as with New Brunswick's strategy. The funded positions were transferred, but the grant funding associated with the program was not. This error was corrected through the 2016–17 budget process.

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

