

February 10, 2016

[Original]

### Harmonized Sales Tax

**Mr. Fitch:** Last night, we saw the Chamber clear so quickly that the Liberal members did not even bother with condolences or congratulatory remarks since they were in a hurry to get to the Fat Tuesday fundraiser with some of the other Premiers and Members of Parliament. I wonder whether maybe they were rushing to see Premier Ball to ask him: Is that 2% HST really a job killer or not? Newfoundland is facing a revenue shortfall of almost \$1 billion, and it could be as much as \$2 billion. I wonder if the Premier told Premier Ball: Go ahead with your 2% increase in the HST to generate some revenue, and do not worry that it is a job killer.

**Hon. Mr. Gallant:** Unfortunately, Premier Ball was unable to make it to our meeting today because of the weather. His flights were not able to be coordinated in time. I will not answer that question because it is a moot point since he was not there.

What I will do is ask this. We have the member for Fredericton West-Hanwell saying that we should be reversing the HST. I would like to know from the Leader of the Opposition whether that is the official position of the opposition and of the Progressive Conservatives. Is the member for Fredericton West-Hanwell speaking on behalf of his colleagues when he says that we should be reversing the HST?

(Interjections.)

**Mr. Speaker:** Order.

There is a second question that I would have following that. If that is the case and it is the position of the opposition, I would ask: Which hospitals do they want us to close down? Which programs in education would they like us to close down? Which programs that are helping our most vulnerable and lifting people out of poverty would they like us to scrap? That is the only way they could balance the books—as they professed yesterday—if they do not raise the HST.

**Mr. Fitch:** That is not the only way, and the Premier knows that it is not the only way. It goes back to our platform before the election. We said that we would not raise the HST, and we still think you do not need to raise the HST. Just curb your election promise spending.

We know that a number of MPs made it here, and we have the House Leader sitting in the House today. We will ask the Premier: Did he go to the federal caucus members and ask them for a bailout? They were in Alberta not too long ago with bags of money, bailing Alberta out. Did the Premier take the time last night at the Fat Tuesday fundraiser to ask the federal MP, the federal House Leader, for a bailout of \$347 million, which is equal to the deficit? Then,



abracadabra, he could balance his books and not be so ridiculed by the media, economists, and other politicians. Did the Premier take the time to ask the MP for financial assistance?

[*Translation*]

**Hon. Mr. Gallant:** First of all, I reject the premise of the opposite member's questions and preamble. However, I can tell you that, in my speech last night, I talked about the importance of investing strategically in our infrastructure, before the federal ministers who were in attendance. I will mention it again today during our meetings. We had the opportunity to have a working lunch, where I mentioned the importance of investing in our infrastructure. I also talked about the importance of the Energy East Pipeline project, and I mentioned how important it is to have programs and policies that will help us increase our population. I talked about the importance of investing in innovation.

We will continue to work with the federal government. The nice thing is that the federal government will answer our calls, since it wants to work with us and help New Brunswick.

[*Original*]

**Mr. Fitch:** Wanting to help and helping are two different things. We have the high expectation that, with the relationship that the Premier has now, all the problems of the province will be solved. Maybe that is his plan. You can be strategic, but without a plan, you are just stating news clips and sound bites.

There is a growing list of people who have panned this budget. Norbert Cunningham called it an "ineffectual, failed" budget with "no solid grasp of the fiscal realities". Bill Belliveau said it was a Chicken Little budget. Did the Premier take the time to warn his counterparts when they were here last night and say: Look, do not do what I do because you will lose all credibility? Did he take the time to warn the Premiers of the other Atlantic Provinces that, if they do the same things that have been done here in New Brunswick, they are going to run into a wall of resistance and lose all credibility?

**Hon. Mr. Gallant:** The best compliment we have received about the budget that the Minister of Finance presented just a few days ago was actually one of the criticisms that was listed by the members opposite. When they talk about John Robson criticizing our budget, that is the best compliment we could get. John Robson was an adviser to Stephen Harper. If I am going to have a guy who was an adviser to Stephen Harper, I can tell you that I want him saying that I am doing everything wrong.

(Interjections.)

**Mr. Speaker:** Order.



**Hon. Mr. Gallant:** I can guarantee the opposition and I can guarantee the people of New Brunswick that we will not adopt the policies of Stephen Harper. We will follow, work, and cooperate with the current federal government, one that is focused on growth in all regions of this country.

(Interjection.)

**Mr. Speaker:** The member for Southwest Miramichi-Bay du Vin will come to order.

**Mr. Fitch:** Again, we go back and talk about how this government came to the conclusion that the HST was the only way to solve the problem. Yet, it continues to manifest significant debts on top of debts in New Brunswick.

When we were making the decisions, we said that we wanted to give the people real power. We wanted to give them a referendum on the HST to say whether or not they wanted to do that. We did not want to back them into the corner and say: We are going to give you deep cuts to education and deep cuts to the health care system unless you agree to an HST increase. We empowered the people to make the decision on their own.

The government had the blame-the-people tour and gave them a fateful choice of what to do. When it comes down to that, we have seen the results. We saw the job results here last week. We saw the job forecasts and the *Economic Outlook* put forward by the government of New Brunswick that says there will be net job losses in 2016-17. Mr. Premier, do you agree with the figures that have...

**Mr. Speaker:** Address the Chair, please.

**Mr. Fitch:** ...been put out in the book that you released?

**Hon. Mr. Gallant:** What I do not understand is this: The member opposite is now getting up and saying that there should be a referendum regarding the HST, but, when he was running in 2014, the Premier—his leader at the time—and his whole team committed that they would not raise the HST. I do not really understand that.

I know what is happening. They want to skate around and not take a position because they know the truth. They know that, if they say that the HST should be reversed, it comes with the consequence of cutting into education, it comes with the consequence of closing down rural hospitals, and it comes with the consequence of not being able to support those who are vulnerable or to help lift people out of poverty. That is why he is being wishy-washy.

I think that the people of New Brunswick deserve to know where the opposition stands. If the opposition members form a government—which we will try to stop—will they reverse the HST increase? What consequences will come with that? What hospitals will be closed? Which programs to help the vulnerable will be cut?



**Mr. Fitch:** Again, we see the Premier not answering the questions. We see the Premier trying to paint a picture of things that are going to be rosy into the future. He continues to talk about the past while we talk about the future. The year 2016-17 shows net job losses in the province. I just asked the Premier whether he agrees with those numbers or not.

It is clear that the policies of this government have continued to shed jobs from the province. We see them, the job killers—property tax increase, payroll increase, moratorium on shale gas, increase in corporate tax, and 2% HST increase, which, again, is known as a job killer. As these results come out and the Premier gets angry in the Legislature, I wonder whether he can confirm that he was so angry with the results of the job numbers that he did his Kylo Ren impersonation and went out and cut seven people from Opportunities New Brunswick this week.

**Hon. Mr. Gallant:** I cannot help but laugh when they talk about the fact that they want to talk about the future. I do not think that I have gone through a question period without having to talk about previous governments with the opposition. That is fine.

(Interjection.)

**Mr. Speaker:** The member for Southwest Miramichi-Bay du Vin will come to order. That is your final warning today.

**Hon. Mr. Gallant:** Let's talk about what is happening today. The opposition is trying to pretend that the budget has had an impact on the economy. It has had none. Most of the things that we announced in the budget have not been implemented and will not be implemented for months. The HST increase has not happened yet. It will only happen in July.

The opposition tries to say that the policies and decisions that we put forward in the budget have had an impact on the economy. They have not. I will tell you the impact they will have. We are going to have a balanced approach in which we ensure that we reduce our deficits so that we can invest in the priorities of New Brunswickers—job creation, economic development, education, and health care.

## Social Programs

**Mr. Steeves:** Last year, the Minister of Social Development defended the attack on seniors. This year, it is an attack on people who are on social assistance and who are physically challenged. These actions go against New Brunswick and Canadian values no matter how the minister tries to spin them and justify them. This government figures that it can spend \$2 million less on these people. These are people in wheelchairs and people who need orthopedic inserts. It is rather disgraceful, really.



Let's talk about youth in crisis as well. The minister has recently abandoned the youth of Safe Harbour in Saint John. Will the minister and the government confirm that the government was asked for a \$400 000 loan guarantee and that the government said no?

**Hon. Ms. Rogers:** I am not sure which of the two questions the member opposite would like me to answer, but I will speak about the budget changes as we are in the debate mode.

I would like to reiterate first that people are not being removed from the programs. Those who receive health benefits will continue to do so. Neither are there any changes to eligibility or to the dental, vision, diabetic, prescription drug, or hearing aid benefits. The changes here are for those programs that had no criteria or insufficient criteria. The changes bring the programs in line with those in other jurisdictions and with other insurance plans so that we can be sustainable. Thank you.

**Mr. Steeves:** If there are no criteria, why was this put in the budget speech: "Social Development will be introducing dollar maximums and frequency limits to its Health Services program"? If there are no criteria, I do not understand the need for that one line. Why is that in there if there are no criteria?

**Hon. Ms. Rogers:** Perhaps the member opposite needs an explanation. If there are no criteria, we might want to add some criteria.

I would like to add that, since 2010, the cost for equipment, services, and supplies under this program has increased by \$4 million. We have found ways to achieve efficiencies, not by hurting those who receive the benefits, but by simply being more fiscally responsible, as we have to be. This is a program that costs about \$20 million. Costs have increased by \$4 million, and we are finding efficiencies of about \$2 million. Again, I want to remind the member opposite that we are continuing the review of these programs that was started in 2012.

**Mr. Steeves:** If there are no criteria and the government is adding criteria, that worries me too. Where are the criteria going to be added? A lot of these things are put out there, seemingly, without forethought and without having the policy in place.

(Interjections.)

**Mr. Speaker:** Order.

**Mr. Steeves:** The government is adding criteria along the way. What criteria are going to affect the poor, people who are on social assistance, and people who have physical disabilities? What are the criteria, which the members opposite are talking about putting in place, that will affect these people? How will the money be affected? How will their health care be affected? The government is talking now about putting in criteria for these people. I would like to know where the details are on those criteria.



**Hon. Ms. Rogers:** We are trying to bring this program in line with those in other jurisdictions and with pretty standard insurance policies.

Perhaps it is important for the public to be reminded that the previous government also put limits and caps on programs offered by Social Development. For example, before the previous government's changes, the Treatment Program Transportation benefit, the methadone program, was \$1 million. After the changes, it was \$130 000. Before the previous government's changes, the Diabetic Supplies benefit program was \$4 million. After the changes, it was \$3 million. That was a 25% reduction. Before the changes, the Dietary Supplement benefit program was \$700 000. After the changes, it was \$600 000. That was a 14% cut. Our changes represent an estimated 10% to 12%, and the changes are only putting these programs in line with those in other jurisdictions and other provinces.

### **New Brunswick Arts Board**

**Mr. Wetmore:** There is an excellent commentary in today's *Telegraph-Journal* that highlights all the concerns that the arts community has with the Gallant government's political takeover of arts funding. Virgil Hammock was a member of the New Brunswick Arts Board from 1996 to 2002. He was involved in the depoliticizing of the board and says that the board "should never have been directly controlled by the government in the first place". Mr. Hammock writes that direct government control invites conflict of interest. He also writes that this scenario is "not a healthy situation".

Given the unanimous condemnation of this political takeover, will the minister responsible rise today, apologize, and announce that this bad decision will be reversed?

**Hon. Mr. Fraser:** I want to thank the member opposite for giving me another opportunity to explain the situation to the artists and the arts organizations in our community with respect to the good news that we are delivering for them. It will streamline administration and protect the money that is delivered directly into the pockets of the artists and the arts organizations.

It is unfortunate that members opposite, the critics opposite, are more interested in preserving an organizational structure than they are in helping the artists and the arts organizations, as our government is committed to doing. We will continue to move forward with this process because it is the right thing to do. We will not stop because the member is trying to tell us to stop.

We are going to work with the arts community, we are going to work with the artsnb board, we are going to work with AAAPNB, and we are going to work with ArtsLink NB. These are all the organizations that represent the artists and the arts organizations in the province. We are going to get it right for the best interests of the artists in our province, not for the best interests of the member opposite.

(Interjections.)



**Mr. Speaker:** Order.

**Mr. Wetmore:** I am only providing the minister with expert feedback. This is no rhetoric. These are opinions of respected members of the arts community. I would suggest that, if the minister had listened to the respected members of our arts community, he would not, once again, find himself in a mess and scrambling for answers. Mr. Hammock writes that a professional and arm's-length arts board is more efficient and less costly. This is in direct contrast to the minister's claims that the civil service can do the work for \$400 000 less.

I would like to have the minister's opinion on one thing. If this is such a good idea, why—heavens, why—is the arts community so upset?

**Hon. Mr. Fraser:** There is a very simple answer to that. It is because the member opposite is fearmongering and creating misinformation for the public. Time and time again, we have to deal with the rhetoric from the critics opposite, the members opposite, from their own political agenda, instead of their looking out for the best interests of the artists and the art organizations in the province.

I have a meeting scheduled for tomorrow evening in Saint John with board members from artsnb, AAAPNB, and ArtsLink NB. We are going to sit down, and we are going to have a reasonable discussion about how we are going to move forward, not in silos, but together, to make sure that the maximum amount of funding that is delivered goes to the artists and the arts organizations in the province, not to the administrative structure. We are not here to fund administration. We are here to fund artists and arts organizations and the great programs that they deliver for the people of our province. Why can the gentleman across the floor not get that?

**Mr. Wetmore:** He does not have to convince me. He has to convince the artists. Members of the arts community are putting their hopes on meeting with the Premier. They hope that he will recognize the costly mistake that this minister has made and reverse this political takeover of arts funding. Mr. Hammock writes that, in the not too distant future, an arm's-length professional arts board will have to be established again, taking several years and costing who knows how much.

My question is directed to the Premier, but the minister may wish to answer. Before more taxpayers' money is squandered, will the Premier be forced to step in once again and reverse a poorly thought-out decision of his underlings?

[*Translation*]

**Hon. Mr. Gallant:** I am very proud to tell the opposition member that we will indeed soon have an opportunities summit with the arts and culture community. If I am not mistaken, this summit will take place in a week or a week and a half. So, I will meet with the arts and culture



community, and I am confident that, during this meeting, we can all work together and discuss other projects.

[Original]

What I do not understand is the member opposite trying to pretend that he does not hear what we are saying. It is going to be arm's length. The artists will have the same amount of funding. We still have two other organizations that are exactly the same. The only thing that is changing is the administration. Every department had to play a role. When it came to asking the arts and culture community to play its role when it came to getting our finances in order, we asked it to find administrative efficiencies, and we did not take one dollar from the artists.

### Forest Industry

**Mr. Coon:** It was two years ago Sunday that the former government signed a contract with Jim Irving to permit an unsustainable level of cutting on Crown land and to guarantee that volume of wood for 25 years to J.D. Irving. For his part, Jim Irving agreed to make investments to make his company more competitive. Schedule A to that contract, entitled Commitment on Investment, said that his company would invest \$461 million in modernizing the Irving Pulp & Paper mill. Can the Minister of Natural Resources confirm that Mr. Irving has lived up to his contractual obligations and invested that \$461 million in full in Irving Pulp & Paper?

[Translation]

**Hon. Mr. D. Landry:** Yes, this contract had been signed with the previous government. When we took office, we had to make a decision about whether we were going to continue on the path that was taken when the contract was signed; that is what we did.

As to whether the company fulfilled all of its obligations and made all its investments, I have to tell the member opposite that this contract was not only signed with J.D. Irving. This contract was signed with the forest industry, and a lot of investments were made.

Has the specific amount of money to which the Green Party Leader is referring been invested? I cannot tell you exactly. However, at this time, I can tell you that a lot of investments were made last year and a lot more will be made this year. If the member opposite wants the real figures, I can find them. That being said, I do not have this information with me today. If you want to know the figures, I can find them for you.

[Original]

**Mr. Coon:** Maybe we could find out about something related to job creation. The contract that was signed with Jim Irving did not actually commit his company to creating any jobs. At the time, it was claimed that 178 permanent, long-term jobs might be directly created by the investments that J.D. Irving was to make in improving the competitiveness of Irving Pulp &





Paper in Saint John. Can the Minister of Natural Resources tell this House how many permanent jobs have been created to date at Irving Pulp & Paper by J.D. Irving's investments?

[*Translation*]

**Hon. Mr. D. Landry:** I can tell you that many people in my region found work or a job when sawmills were undergoing improvements. Many New Brunswickers had the opportunity to get a job at that time.

When it comes to answering questions with specific figures, I think it will be better to do that during the debate on my estimates. I will then have employees from my department with me in the House, and we will be able to answer all these specific questions about how many jobs were created, how many more are still to be created, and how many of them will be permanent jobs.

All I can tell you is that, so far, the New Brunswick forest industry provides a living to 22 000 people directly and indirectly. I can tell you that this industry is nonetheless going through some pretty tough times right now. I would like to tell the Green Party Leader that we will answer his questions later.

[*Original*]

**Mr. Coon:** It is a bit disturbing that the minister is not keeping track of whether or not J.D. Irving is meeting its contractual obligations and providing the jobs that were expected from those investments.

While the contract signed with Jim Irving talked about upgrading or replacing the sawmill in Doaktown, that decision has been put on hold. The construction of the new \$15-million sawmill in Doaktown was promised two years ago as part of the contract that was signed with the Crown. Can the Minister of Natural Resources confirm that the replacement of the Doaktown mill is on hold until his department makes the softwood allocations currently held by Miramichi Lumber Products available to J.D. Irving?

[*Translation*]

**Hon. Mr. D. Landry:** It is hard for me to answer hypothetical questions. I will explain to the Green Party Leader what happened with the Doaktown sawmill. Since more investments were made in the Chipman sawmill last year than in others—we are certainly still talking about cash flow here—the company asked us specifically if it would cause any problems if the Doaktown project were delayed, meaning if it were done this year rather than last.

We agreed on it, and it was not a surprise. So, the company invested a lot more money in the Chipman region last year than elsewhere, and that has nothing to do with wood allocations



held by Miramichi Lumber Products, but rather with an agreement signed with J.D.Irving. That is why the company did not invest in the Doaktown region last year.

[Original]

## Budget

**Mr. Higgs:** Yesterday, I was encouraged when the member for Carleton-Victoria talked about the 2014-15 year, actually recapped the numbers, and ended up with a deficit figure of \$388 million. This would come as news to the Minister responsible for Strategic Program Review, as he omitted any discussion about the 2014-15 year when he was discussing his *Choices* document.

Given that, I have a question for the Minister of Finance, for clarity. I think that it is very important that we have clarity on numbers so that we can actually move forward and see whether we are improving or getting worse or in which direction we are actually going. Given that situation, I would like to ask this of the Minister of Finance: What is the projected deficit for this year, 2015-16? Given the clarity around the actual deficit in 2014-15, do we see that we actually have, from structural deficit to structural deficit, a \$200-million-plus worsening situation?

**Hon. Mr. Melanson:** Based on the third-quarter update, the projected deficit is \$466 million. That still includes a contingency reserve of \$100 million. We are on track. After the third quarter, we are actually doing better than we had initially forecasted in our fiscal year.

Moving forward, we have a fiscal plan. We have a fiscal plan that is very prudent. It is a plan in which there is a \$347-million projected deficit next year, \$267 million the following year, \$167 million the following year, \$49 million the following year, and a surplus in 2020-21. That is a solid fiscal plan, as we promised in our platform. Plus, it is very prudent. It does not include any incremental federal help, it does not include the pipeline uptake, and it does not include the Sisson mine. It is a very prudent forecast that is going to get us into a balanced budget.

**Mr. Higgs:** Prudence and a solid fiscal dream would be the two oxymorons that we see here. There is nothing prudent about this budget.

If you say that this budget now reflects a \$466-million forecasted deficit and it includes the \$100 million, which was reduced from \$150 million down to \$100 million, and if you say that we do not really need the full contingency amount, then are you now suggesting that it is possible that we could be—at this point in the year, with the fiscal year being over in another few weeks—\$100 million lower than you are projecting? I find that hard to believe. I find this to be a situation that is basically masking the obvious: There is no contingency fund left because we have used up 93% of it. It is gone. It is part of the expenses, and it should be shown as that.



**Hon. Mr. Melanson:** The member for Quispamsis talks about oxymorons, and, at one point, he spoke about credibility. We have to talk about his record when he was Finance Minister.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Melanson:** Not only could he not meet his targets, but also he actually had to change his plan every year to try to meet his targets. He actually failed to meet his targets.

The projected deficit for the current fiscal year is still below what we had targeted when we initially tabled the budget. Plus, there is a contingency reserve of \$100 million of nonborrowed money, in case.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Melanson:** Also, we have a shortfall on the revenue side of \$51 million from the HST and \$45 million from NB Power, and we are still going to do better than our target. Let's talk about credibility and how we can manage prudently to make sure that we meet targets and do even better.

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

