

April 25, 2017

[Original]

Property Tax

Mr. Higgs: Integrity, honesty, and openness matter. Taking responsibility matters. If the Premier cannot set an example that says that people must be honest and responsible for what happens, then he cannot fix the problem because he is the problem.

We now know that the demand that the new property tax assessment system be fast-tracked, rolled out faster than planned, so that the government could get more money in taxes is what pressured Service New Brunswick to use invented renovations to raise people's taxes. On March 14, the Premier was asked whether anyone in his office was involved in the decision to have the system fast-tracked and he said: It may have been the case. I am not sure. My question is simple: Is the Premier still unsure? Thank you.

Hon. Mr. Gallant: For years, there have been problems with the property assessment process in New Brunswick. We saw that, year after year, season after season, thousands of errors were unfortunately made when it came to assessing properties owned by the people of New Brunswick. This problem and these problems have to be fixed, and that is exactly what we, as the government, are going to do. That is why we, as you may know, Mr. Speaker, announced a few weeks ago that we would be taking the following actions to ensure that we fix this problem once and for all.

Properties to which an arbitrary formula was applied without the proper quality control measures are being visually reinspected, and revised bills will be issued. There is no deadline for New Brunswickers to report errors in their property assessments. The request for review deadline has been extended to August 1. A comprehensive independent review of the property tax system is being carried out by former Justice Joseph Robertson. Property owners...

I will finish the rest. There are two more actions that I will say after the next question.

Mr. Higgs: I am keeping a little scorecard today just to see whether answers are actually given. It is one that I likely could have filled out in advance. However, in any case, I guess that I will call this one deflected.

After the Premier claimed to be unsure whether his office knew about the fast-track decision, CBC News disclosed a PowerPoint slide that was prepared by Service New Brunswick management. That slide, published by CBC on April 10, says that the Premier himself saw a presentation and quotes his instructions as wanting to see it "in half the time". My question to the Premier is this: Does he dispute the authenticity of that slide? Thank you.



Hon. Mr. Gallant: There are many problems with the current property assessment process. That is why we are going to fix it.

As I was mentioning, to build on the four things that we are doing that I mentioned in the last answer, I will go through the last two. Property owners who have their assessments lowered as the result of new bills due to errors will have any overpayment refunded with interest. Yes, the provincial government is going to get out of the property assessment business. The government will introduce legislation to create an agency independent of the provincial government to oversee property assessments in the fourth session of the Legislature.

It has been clear for years, dating back as far as 2011, if not further, that there are issues, challenges, and problems with the current assessment process. Every spring, there have been stories of subsequent years and subsequent governments where people were frustrated with errors. We are going to fix the problems once and for all.

Mr. Higgs: I guess that I would classify that one under deflected as well. I am hoping that, at some point, we will get a straight answer. That is all we are asking for—a straight answer and, in many cases, a yes or a no.

Did the Premier personally see a presentation on the new property assessment system prior to March 1, 2017?

Hon. Mr. Gallant: We have said to the media several times that, in fact, yes, a briefing was done. I do not recall the date. However, it was reported that it was in May 2015, if I am not mistaken. In fact, the briefing given by Service New Brunswick was in front of the media. The media were present, which is, again, another demonstration of the transparency of this government.

We recognize that there are challenges, issues, and problems with the current property assessment process. That is why we are taking very aggressive action to make sure that we correct them. We are doing this because thousands of New Brunswickers, for many years, saw these errors happen to the assessments of their properties. As you can imagine, at some point, this would have caused hardship and, in other cases, uncertainty and confusion, which are not helpful to the families of this province. Not only are we going to identify the problems, but we are going to fix them.

Mr. Higgs: Once again, a question was deflected with no answer given. Surely, the Premier is not seriously claiming that he needs a judicial review to tell him what he did last month. He knows. If he has nothing to hide, then let's get these answers on record.

On April 11, CBC News shared a second document, a modernization update prepared for the internal use of Service New Brunswick in June 2016. This document says:
Premier Brian Gallant was recently exposed to desktop review...



He immediately requested our CEO... to accelerate... modernization efforts. A budget of \$922 000 was approved on June 22.

Does the Premier contest the authenticity of this document?

Hon. Mr. Gallant: As was mentioned, I was briefed. Again, I do not recall the date. However, I am going to rely on the media reports and those who have singled out that it was around May 2015. I remember that there was a presentation done by Service New Brunswick with regard to the new process it was using. Media were present at that time. We were, again, showing transparency as a government.

We have also, as you know, shared with media documents that would make it clear that the Premier's Office was aware of timelines that were being put forward. They were also okay with it. The Premier's Office said, though, that there would have to be a business case and the proper resources in place to move forward with it. The only real intervention, based on that document, is the fact that the Premier's Office asked that there be a technical briefing for the media. Again, there was a request to the civil service to be as transparent as possible. There were problems this season, there have been problems for years, and we are going to fix it.

Mr. Higgs: Once again, it seems as though the answer has been diverted. It was a pretty clear answer. There was talk about a budget that was approved at that time, so I am going to restate the question. Does the Premier deny that a budget of \$922 000 was approved on or about June 22 of last year? I want to know if that was additional money that was being used in order to fast-track this system, to move it ahead by three years. All I want is an answer. Was this budget approved in or around June, and did the Premier approve it?

Hon. Mr. Gallant: We think it is very important that all questions be answered with regard to property assessment issues that we have faced here in New Brunswick for years. New Brunswickers have seen thousands of errors throughout those years, since 2011, and again this season. We have to fix it, and we will fix it.

To find out what happened this season and what has happened since 2011 that has created thousands of errors, we have asked former Justice Robertson to go through what happened this season and what has happened since 2011 that created the errors that New Brunswickers had to go through. I think we owe it to Justice Robertson to allow him to do his work. Justice Robertson will ensure that all questions are answered through this review. I can tell you that, once we get the recommendations from former Justice Robertson on what the issues are and what we can do to fix them, we will follow those recommendations, making sure that we fix the problem once and for all.

Mr. Higgs: This is a worrisome pattern indeed—a worrisome pattern of facts that are at odds with the Premier's own statements. Service New Brunswick documents tell us that the Premier was personally briefed on the plan to increase tax revenues for government and ordered to fast-track it. Yet, when the consequences of that fast track came out, the Premier told us that



this happened without anyone ordering it. It was the immaculate modernization that no one had ever approved. If the Premier truly had no idea that the fast track was happening, can he offer this House any credible explanation of why all his senior managers seem to think that he ordered it?

Hon. Mr. Gallant: The Thursday night on which there was a leak to media demonstrating that an arbitrary formula was used to estimate some property assessment valuations...It is important to note that the proper quality control measures were not used. We found out through the media request. The next day in the scrum, as you can imagine, much of this was coming to our attention for the first time, which is part of the troubling nature of this situation. I was asked if there was a conversation with regard to the timing of this, and I answered very plainly: I believe there were conversations, whether it would be one year or two years. I said that in the scrum just outside this Chamber, in the rotunda.

What is clear is that there were issues and problems this season when it came to property assessments and there have been challenges, issues, and problems since 2011 and beyond. We are going to find out what they are, and we are going to fix them.

Mr. Higgs: Once again, the answer is clearly deflected. The Premier has said that it does not matter if he is responsible as long as he fixes it, but he cannot fix it without answering these questions.

The fact that the civil servants had to invent renovations to get around the cap on tax increases was exactly because someone told them to roll out the system and roll it out faster than they should have. The result was that hundreds of homeowners were taxed for renovations that never existed. My question is simple: Can the Premier tell this House the date on which he first became aware that the 2 400 errors were, in fact, renovations that were invented and never existed? Thank you.

Hon. Mr. Gallant: Thousands of errors have been made since 2011 when it comes to property assessments. In 2011, an arbitrary formula was used as well during that taxation year but, in that case, they at least went back and rectified the situation. In 2017, in this season, there were errors that were made. Yes, it is very troublesome to see that an arbitrary formula was used to estimate the valuation of properties, but, also, it is very important to note that the quality controls that should normally be followed seem not to have been followed.

With all of this said, I think that we all should let former Justice Robertson do his review. He is going to find out what happened. He is going to find out how this happened. He is also going to find out why we have had, since 2011, a problem-plagued property assessment process. With his recommendations and with his suggestions, we are going to fix the problems once and for all.



Mr. Higgs: It matters when the government learned that the renovations were invented to meet the demands of this fast track because it goes to the information that was given in this House.

On March 16, the Minister of Local Government said, and I quote: I am surprised that the former Minister of Finance does not know that some assessment appeals are a question of interpretation, but, if they are genuine errors, they will be corrected.

When the minister made that statement on March 16, was the Premier already aware that these errors were not questions of interpretation? If he was aware, why did he let the minister make a statement that was not factual? Thank you.

[*Translation*]

Hon. Mr. Gallant: Since 2011, our procedures to assess land throughout the province have been problematic, and property assessments unfortunately have led to thousands of errors. However, we will take steps to resolve the situation.

Here are a few of the initiatives we will take to rectify this serious situation. First of all, property assessments to which an arbitrary formula was applied without the proper quality control measures are being visually reinspected, and revised tax bills will be issued. New Brunswickers who want to report errors in their assessments can do so at any time; no deadline has been set. The request-for-review deadline for property assessments has been extended to August 1. So, these are three of the steps we are taking to resolve the situation. After the next question, I will take the time to list the other three.

[*Original*]

Mr. Higgs: Another deflected question.

On March 16, again, the Minister of Local Government said, and I quote: When the previous government was in power, it said the system was fair and equitable, but, in 2014, there were 8 941 errors. Is that fair and equitable?

That was from the minister's quote.

We now know that, this year, there were not errors in 2014. This year, someone deliberately assigned... There were not errors as there were in 2014. This year, the errors were that someone deliberately assigned renovations to homes without knowing whether that was true. Yet, the minister rose in this House and told members that it was the same kind of error. When the minister made that statement on March 16, was the Premier already aware that these were not the same kinds of errors at all that had occurred before? If he was aware, why did he let the minister make a statement that was not factual? Thank you.



[Translation]

Hon. Mr. Gallant: We are taking this situation very seriously, since these problems have been affecting thousands of New Brunswickers since 2011. The errors—no matter how they were made—are a problem, since they cause uncertainty and create challenges for families. However, there is no doubt that the arbitrary formula used this season without quality control procedures is a whole other issue that will need to be reviewed.

This is why we have taken the following steps: We have asked former Justice Robertson to carry out an independent, comprehensive review of the property tax system for the period from 2011 to this year. Property owners whose assessments were lowered when new bills were issued due to errors will have their overpayment refunded with interest. Lastly, during the fourth session, the government will table a bill to create an agency at arm's length from the provincial government.

[Original]

Mr. Speaker: Time, Premier.

Mr. Higgs: Another question clearly deflected.

On April 3, the Premier announced a review of the fast-track order and the resulting phony assessments. At the same time, he said, and I quote: "New Brunswickers want to know how this happened... This report...will confirm who knew what, when—and what did people do?" A week later, he was mansplaining to CTV's Laura Brown just the opposite: Laura, New Brunswickers do not care if I am responsible. They want to know if I am fixing it.

My question to the Premier is this: What happened in the last week to convince him that New Brunswickers lost interest in knowing who ordered the fast track? Why did he feel that New Brunswickers lost interest in knowing who was responsible as soon as documents leaked showing that he is the one responsible? Thank you.

[Translation]

Hon. Mr. Gallant: I think it is very important that New Brunswickers have confidence in the current property assessment system. There is no doubt that they currently do not have confidence in this system, which is why we are taking steps.

It is very important that New Brunswickers be informed about what has happened since 2011 to cause thousands of errors. As a government, we understand that this uncertainty has an impact on families. Sometimes, precarious financial circumstances can be caused by these errors.



It is for all these reasons that we are taking the steps I listed. The review that former Justice Robertson will carry out will show us exactly what happened and what we can do to rectify the situation once and for all.

[Original]

Mr. Higgs: Another question; answer clearly deflected.

On April 3, the Premier did an interview with CTV news anchor Steve Murphy. The Premier made the following statement: It is very important to note that I myself and Cabinet were not aware of this. We were not part of the decision-making.

By April 10, we knew that the Premier was aware and was actually the decision maker. The Premier gave the order to fast-track the assessment system. How does the Premier justify his statement on April 3 that he was not part of the decision-making? Thank you.

[Translation]

Hon. Mr. Gallant: I am not going to repeat everything I just said, but, as I explained, I was in fact briefed in May 2015—I think. This is what the media reported, and I am going to rely on it. I was briefed in front of the media on the new method Service New Brunswick wanted to use or was perhaps using at the time, as a pilot project.

During the last interviews I gave here in the Legislative Assembly after question period, I also said that, from what I could understand, conversations on the project deadlines had in fact taken place.

Once again, the important thing is that problems and errors have been affecting New Brunswickers since 2011. What needs to be done? The thing to do is to work together, in response to recommendations, and rectify the situation once and for all.

[Original]

Mr. Higgs: We have had a number of questions now and no really clear answers on any of them. I have another one going back to the approved budget last spring. We have heard that there was a budget of \$922 000 set out to fast-track these assessments. Will the Premier advise the House whether anyone received any financial incentive, any monetary bonus, or special performance pay as the result of implementing this fast track, as ordered by the Premier's Office?

[Translation]

Hon. Mr. Gallant: Once again, I will ask the Leader of the Opposition and all members to respect the work that former Justice Robertson will be doing. He will carry out a comprehensive



review; he will look at the entire file to figure out what has been causing errors since 2011 and why this process unfortunately was not working for many years, including during the last season. With these recommendations, we will rectify the situation.

Not only did we request a review and a comprehensive and independent assessment, but we also committed to tabling a bill to create an agency at arm's length from the provincial government to oversee property assessments.

I think New Brunswickers are frustrated about the property assessment system and want the situation rectified. This is precisely what we will do with the steps we are taking.

[Original]

Mr. Higgs: I think that question bears repeating. We have had an increase in the budget, apparently, \$922 000, that the Premier approved. What we cannot figure out is why. Was it extra incentive? Was it extra bonus money? Was it performance pay? What was the need for another \$922 000 to be approved to fast-track this model? Did the Premier look at it and say: I can get \$7 million out of the taxpayers, so I will take an extra \$1 million here? That is value for money in his view. Going after all the taxpayers in this province is not what I would call value for money when you are hosing everyone as fast as you can so that you can spend it out the door as fast as you can.

I want to know this: With regard to that \$922 000, who benefited? Was it the Premier himself? Was it people within the system? Who benefited from the \$922 000 improvement in that budget, the increase in that budget?

(Interjections.)

Mr. Speaker: Order.

Mr. Higgs: All we want is a clear answer.

[Translation]

Hon. Mr. Gallant: I think that, instead of making unfounded allegations about human resources in the civil service, the Leader of the Opposition should agree with us that asking former Justice Robertson to carry out a review of what has been going on since 2011 is the right approach. Since errors were made for quite a few years, the situation must be rectified once and for all, and this is precisely what we will be able to do after the review.

[Original]

The review that former Justice Robertson will complete for the government and for the people of New Brunswick will not only ensure that we find out exactly what happened this season and



what has happened in every season since 2011 that has created thousands of errors affecting families in New Brunswick. It is also going to shed some light and give us some suggestions on how to ensure that the independent agency, which would be away from the provincial government, will be able to fix these problems and serve the people of New Brunswick properly once and for all.

Mr. Higgs: Although they have all been deflections, that one may be one of the clearest deflections of all. There was no suggestion of what that money was for, how it was being spent, and what the rationale was for increasing the budget by \$922 000. It was a pretty clear question, but there was no answer once again.

In his hastily arranged press conference on April 6, following my call for his resignation, the Premier made the following statement: “We did not intervene or overrule in their... decision to proceed.” Now that the evidence is out that the Premier did indeed intervene and that it was the Premier’s decision to proceed, will the Premier be revisiting his statement—correcting it and issuing an apology by making this statement to the people of the province—finally confessing the situation, what involvement the Premier’s Office and the Premier himself had, and making it right for all citizens of this province? Thank you.

Hon. Mr. Gallant: Again, I have said it numerous times in the media, and I will point it out at this time. Since we found out this information and since the last time that we were sitting here in the Legislature, I have done dozens, if not more, interviews with the media about the property assessments, the unfortunately problem-plagued assessment process. I have said numerous times that I was aware of the new technology that was being used. I was briefed. Again, I think that it was in May 2015. I will follow media reports on the date. Media was present when I was getting briefed on this.

I can also tell you that the Premier’s Office had conversations with Service New Brunswick and said that, as long as it had a business case—we talked about making sure it had resources in place to get the job done—it was okay to go ahead with it. We, the Premier’s Office, actually asked that there be a technical briefing for media. Unfortunately, that never happened. It is another problem. I am telling you that we are going to find them all and fix them all.

Mr. Higgs: Credibility comes through taking responsibility. You earn credibility. It is the same as trust. You earn it. You earn it throughout your entire career. You earn it every step of the way. When you lose credibility and trust, they are virtually impossible to regain. This is where the Premier finds himself.

(Interjections.)

Mr. Speaker: Order.

Mr. Higgs: He has lost the trust of the people. He has lost all credibility. This one is not going away. What is the Premier prepared to do in light of this situation? What is the Premier



prepared to do to face the reality of this tax scandal, his decision, and the impact that he had? He should not only resign, but he should also apologize to every citizen in this province. Thank you.

Hon. Mr. Gallant: I do want to remind the member opposite that I have actually apologized to New Brunswickers on several occasions. I apologized for the fact that thousands of New Brunswickers went through many errors. For them, in some cases, it could cause hardship, uncertainty, and, at the very least, inconvenience. The Minister of Service New Brunswick apologized as well to the people of New Brunswick, and I can tell you that I will do it again.

It is very unfortunate to have New Brunswickers go through these errors. It is very unfortunate that, because there have been thousands of errors every single year since 2011, the confidence New Brunswickers have in the problem-plagued property assessment process is now at an all-time low. They do not have confidence in the process, and that is why, to answer the Leader of the Opposition's question on what we are willing to do, we have these six very aggressive actions to make sure that we fix the problem once and for all.

Mr. Higgs: The Premier says that he has apologized. He has apologized for the situation. He has not apologized for the role that he played in the situation. He has not apologized for the fact that it was his decision that got us here in the first place. That is where all the facts lead us, but that is not what we are seeing for an apology. He is just saying: Oh, yes, I am sorry about the situation. No, you take ownership of the situation that you created. That is what I am talking about.

So the Premier says that he was briefed. He said... All right, if he was briefed, will the Premier admit that he personally gave direction to his chief of staff to fast-track the system? Thank you.

Hon. Mr. Gallant: I recognize that the Leader of the Opposition was excited for question period today. He probably has not been following the media scrums and the interviews that I have been doing. I would like to make it very clear.

After I was briefed in May 2015... I will repeat it again. That is the date that I think it happened. I am taking the media reports on that. I did talk to the Chief of Staff of the Premier's Office, and I said: Are you aware of this? We should certainly make sure that we are on top of it because it does represent a significant change in the way the process works. Then the Premier's Office would have had conversations. I will repeat it yet again. It would have talked to Service New Brunswick with regard to a business case and having resources in place, and there was a suggestion made by the Premier's Office that there be a technical briefing for media. We, as a government, are very, very aware of the problems that the property assessment process has gone through for years. In 2011, there was an arbitrary formula used. It was used yet again. It was a different formula, but an arbitrary one was used again this season. We are going to find the problems and fix them.



Mr. Higgs: Well, I had 15-plus questions. I think that I am on Question 17 actually, and I have had no answers—no answers.

Yes, I have been following the media, and the Premier has not acknowledged once... However, he has given lots of conflicting statements over the past several weeks about what he knew and what he did or did not know. Despite all the facts that lead us in one direction, the Premier clearly will still not state the role that he played in it. Instead, he says: Well, we are going to do something else and do a review.

Will the Premier admit that he has given conflicting statements? Keep in mind that I have quoted a number of them. These are a matter of public record. They are conflicting statements of what he might have known, did not know, could have known, and should have known and of what somebody should have known but the Premier knew. This is the basis of our situation—conflicting statements that do not lead to where we know we are. Thank you.

[*Translation*]

Hon. Mr. Gallant: Obviously, there are problems with property assessments, and this is why, as a government, we are taking steps to rectify the situation. Property assessments to which an arbitrary formula was applied without the proper quality-control measures are being visually reinspected right now, and revised tax bills will be issued.

People who want to report errors can do so at any time, as no deadline has been set. As for property assessment reviews, the deadline has been extended to August 1, and former Justice Robertson is carrying out an independent and comprehensive review of the property assessment system. With his recommendations about the shortcomings he finds, we will be able to create an agency at arm's length from the provincial government that will be tasked with overseeing future property assessments.

As you can see, we are taking the situation seriously. We want to apologize once again to New Brunswickers who went through moments of uncertainty; they may rest assured that we will resolve the situation once and for all.

