

April 27, 2018

[Original]

## Property Tax

**Mr. Higgs:** With that note from my colleague, I, too, wish the Premier a happy birthday.

Moving right along, this past week, I have asked 30-plus questions with zero answers. I continue to keep track because that it is kind of a habit that I have. I like to see results. I like to know when we have actually changed the bar or we have moved it forward. Of course, getting answers is always a start. Measuring performance is certainly another one.

I can think of 922 000 reasons why the Premier is not looking forward to question period today. The people of New Brunswick are paying attention. They are seeing the Premier in a new light, a very poor light. Every time the Premier does not answer a question, he takes another step closer to resignation or removal. Everybody is watching. Everybody wants to know why the Premier is dodging a very simple question: \$922 000—where did it go? Did the Premier approve a special \$922 000 budget to implement the fast tracking of a new property tax assessment system? Thank you.

**Hon. Mr. Gallant:** Let me start off by saying that I very much appreciate the kind words and well wishes from the member for Caraquet, the Leader of the Opposition, and the member for Fredericton York.

I also just want to say that we understand that there is a problem-plagued property assessment process that New Brunswickers have been going through for years. Since 2011, there have been thousands of errors every single year. This is why we, as a government, have taken bold action. We have asked former Justice Robertson to do a review to find out what happened this season. Where were mistakes made? Why was there an arbitrary formula used? What other issues could there be with the process? We have asked him to also look at every season since 2011 because there have been thousands of errors every single year. With former Justice Robertson's report, we are going to be able to grab those findings and fix these problems once and for all.

**Mr. Higgs:** There is nothing in the past that resembles what we are currently dealing with. With a property tax scandal of this proportion, there is no comparison to any errors. This is not an error. This is a direct order, and this is a fraudulent exercise to hose the taxpayers of this province.

The Premier's Office reached out to the *Telegraph-Journal* to do a story after Bob Jones of the CBC publicized the leaked whistle-blower e-mail. The Premier's Office provided selected e-mails in an attempt to place the blame for the property tax scandal on Service New Brunswick. It did



not work. One thing is very clear from the *Telegraph-Journal* article. The Premier asked questions about fast-tracking the system in May 2016. Can the Premier tell the House whether one of those questions that he asked in May 2016 was about the additional funding needed to implement the fast track? Thank you.

[*Translation*]

**Hon. Mr. Gallant:** Once again, I repeat that we are very well aware that the property assessment system in New Brunswick caused errors. In fact, thousands of errors have been made each year since 2011; there were probably even some before that. This is why we are taking vigorous action to rectify the situation.

We asked former Justice Robertson to carry out a comprehensive and independent review, in order to analyze the situation and determine exactly what had happened each year to cause thousands of errors in New Brunswickers' property assessments.

It must be borne in mind that, every time an error is made, whether or not it affects a family, an individual, or a business, it has an impact that is mainly—I imagine—negative. It is important for us not only to find the errors and to determine why they were made, but also to rectify the situation once and for all.

[*Original*]

**Mr. Higgs:** The mistake was going from three years to one year. That \$922 000 is such a specific dollar figure that clearly someone can account for this money without much effort. It stands to reason that the Premier knows what this money was for, but he will not tell the people of New Brunswick what was done with this money and what the need for it was. To make matters worse, up to now, the Premier has not so much as acknowledged that the additional \$922 000 was budgeted for the fast track. Worse still, since the Premier ordered the fast track, he is responsible for this expenditure. When the Premier ordered the fast track, was he aware that there would be an additional cost of \$922 000 to do so? Thank you.

[*Translation*]

**Hon. Mr. Gallant:** As I have said several times this week, I think former Justice Robertson deserves to have the time to do his work. He will carry out a comprehensive and independent review of what happened with property assessments this season and every year since 2011.

Our property assessment system caused thousands of errors here in New Brunswick. We must find out why these errors were made and rectify the situation, and this is precisely what we are going to do. With the work that former Justice Robertson will be doing, we will be able to take into consideration the findings from his review and to create an agency at arm's length from the provincial government to do property assessments in the future. As we have said, the government is taking action to rectify the situation once and for all.



[Original]

**Mr. Higgs:** It is interesting that the process seems to be already defined about what is going to happen to the assessment office at Service New Brunswick, long before any review is done. We cannot get answers to basic questions.

I will ask this again. Unless the Premier has changed the rules, an expenditure of this amount would have been approved by Cabinet. It could not just slide through. It would have to have overall approval. That has to be the situation. Did Cabinet approve the expenditure of \$922 000, or has the Premier changed the rules to make it easier to make arbitrary decisions? Thank you.

**Hon. Mr. Gallant:** I am surprised to hear the comments of the Leader of the Opposition with regard to our bold action to create an agency independent of the provincial government to do the property assessment process in the future. This is a recommendation that has been floated in New Brunswick for years. It is a recommendation that was made recently by the Canadian Taxpayers Federation. It is something that happens in other provinces. It happens in Nova Scotia. Our neighbours have been doing this for quite some time.

We understand that there are problems with the property assessment process. That is why we are taking bold action. That is why we have made a commitment that government will get out of the property assessment business. We are going to ensure that we find out what has happened since 2011 that has created thousands and thousands of errors every single year. We are going to ensure that we fix these problems so that the people of New Brunswick get the system they deserve.

**Mr. Higgs:** We are in this problem because the Premier got himself into the assessment business. That is the reason we have a problem. It is not because of Service New Brunswick. It is not because of the assessment people. It is because the Premier meddled in the day-to-day operation of providing better service for this province. Unfortunately, that is what happens when a government like this gets in the middle of it.

We now know that, in June 2016, as SNB senior management reported in a memo that has leaked out, the Premier himself ordered the fast tracking that led to phony assessments. I have asked the Premier whether he wants to challenge the authenticity of that memo, and he has not. That memo also tells us that there was a \$922 000 budget increase for Service New Brunswick to fast-track the new assessments, yet the quarterly fiscal updates that list all budget overages do not mention that one. Did the Premier's Office make the decision to hide the \$922 000 Service New Brunswick budget hike from the quarterly estimates? Was this a planned—another planned—event? All I am looking for are the facts. Thank you very much.

**Hon. Mr. Gallant:** The facts are as follows. Since 2011, there have been thousands of errors by the problem-plagued property assessment process. This season, when it came to property assessments, we saw that an arbitrary formula was used. Because of this, we have taken bold



action. We have ensured that we have extended the period for requests for a review. We have made it clear that, for any error, New Brunswickers can flag it and have it rectified and corrected at any point. We have ensured that we will find out exactly how this happened and how thousands of errors every single year since 2011 have happened. With those findings, we are going to ensure that there will be an agency, independent of the provincial government, to do property assessments in the future. You can see that we are acting boldly, and we are going to ensure that we fix these problems once and for all.

**Mr. Higgs:** It is clear that this is an unprecedented situation in this province. What are we at—15 000 appeals and counting at this point? We have never had this situation. Yes, we have had a few errors. However, we have never put out fraudulent bills on purpose because of an order from the Premier's Office.

(Interjections.)

**Mr. Speaker:** Order.

**Mr. Higgs:** That budget would have been approved by the Premier or Cabinet. It had to be. It had to be because that is the process. Yet, it was not reported. My question to the Premier is this: When that budget hike of nearly \$1 million was omitted from the quarterly update, was Cabinet aware that it would not be shown on the record? Thank you.

**Hon. Mr. Gallant:** I do not want to insinuate in any shape or form that the former government is responsible or that any government in successive years in New Brunswick is responsible for the problem-plagued property assessment process. It has spanned many governments. However, I do have to take issue with the Leader of the Opposition saying that there were a few errors when he was in government.

There were thousands of errors every single year. The error rate was extremely... It was much higher when he was in government, so we need to find out, through former Justice Robertson's independent review, why there were errors of this magnitude every single year since 2011. Also, we need to find out what happened this season when we had an arbitrary formula used to assess some properties. I can tell you that, as the government of the people of New Brunswick, we are going to ensure that we find these issues, find these problems, and fix them once and for all.

**Mr. Higgs:** There has never been a time when we have had over 15 000 appeals in this province. That is over two and a half times what the largest amount was certainly back in the 2011 range, to which the Premier so often refers, so this is an unprecedented territory. But, more clearly, it was based on a decision that was unjustified and that was made in a method that was only to get more money out of the taxpayers of this province, which is certainly a theme of this government.



So far, I have asked five or six questions and gotten zero answers. That is consistent with every day this week. It is not that we are out of context because that is what I expected.

Let's go to the actual report itself and the independent commissioner, to whom the Premier refers. I commend Justice Robertson for actually taking this on at the request of the Premier, but I feel sorry for the position he has been put in—to use his credibility, his integrity, with his hands tied. When I look at this document, I am saying: Okay, let's do one thing. Why would the Premier not give Justice Robertson the power to compel witnesses?

**Hon. Mr. Gallant:** There are two things. First off, I would ask the Leader of the Opposition again to stop calling these appeals. It is important that the people of New Brunswick get the information as clearly as possible so that they understand how they can ensure that they get any error or any issue with their property assessments corrected. It is a request for review.

The fact that there have been 15 000 people who have requested a review, we think, is a good thing, given what has happened. We think it is a good thing because, clearly, there are issues with the problem-plagued property assessment process, so we want people to raise their hands if they think there is an issue—absolutely. We have been encouraging it, and we have been encouraging it through action, such as extending the deadline to be able to put in a request for review. We think that is a good thing, and we thank the people for doing so.

Former Justice Robertson signed a contract, so I can only assume he is happy with the way he will be able to conduct the review.

**Mr. Higgs:** I am sure that, if Justice Robertson wanted to do a full review without his hands being tied in the process, we might get to the bottom of this, but we have a review that reports to the ECO and a review that the Premier has not acknowledged will become public. He is basically saying: Maybe it will, and maybe it won't. He is not giving a commitment that the public and this Legislature will actually see the outcome of a review that is already well tied in its ability to look.

Another issue in relation to this review is this: Why did the Premier not give Justice Robertson the power to compel documents? He can only request them. What if the department refuses, or the Premier's Office refuses? He has no authority to compel a department to provide information. He can only request it. Once again, his hands are completely tied behind his back.

**Hon. Mr. Gallant:** I would just caution the Leader of the Opposition not to speak on behalf of former Justice Robertson. I certainly will not be doing that. We can only assume, however, that he is okay with the powers that he has been given, the terms of reference that he has been given, and the mandate that he has been given. He signed the contract to do this work on behalf of New Brunswickers, so I would ask the Leader of the Opposition to show some restraint and not to speak on behalf of former Justice Robertson.



Again, we are showing that we are going to fix these problems, because they have been happening for too long. Since 2011, thousands of errors every single year have affected families, New Brunswickers, and businesses across our province. That is why we are going to take bold action and aggressively ensure that we correct these issues and fix these problems once and for all. The review that former Justice Robertson will do will help us to do that. Of course, making sure that we have an independent from the provincial government agency will help as well.

**Mr. Higgs:** Those are very hollow statements. The fact is that there is nothing independent about this review. The only thing about this review is that it is using the good name and reputation of Judge Robertson to make it look as though it is credible, all the while tying his hands behind his back.

Here is another question. If you are going to do an independent review, you allow the person to see everything. You look at all of it. There is nothing in here that reflects the following: What did the Premier do? What did the Premier's Office do? What did they actually say? What did they actually commit to? Nothing in this review allows that investigation to happen, so the Premier has carefully covered the tracks on any decision made through this process. Was that independent? I think not.

When you look at this, you also see this: Why did the Premier not give Justice Robertson the power to make any findings on political direction in the phony renovation? So we are not... He is giving no authority or ability to look at how we got into this mess in the first place. We got into the mess because of politics from the Premier's Office—simple—but the Premier does not want that investigated.

(Exclamations.)

[*Translation*]

**Hon. Mr. Gallant:** Of course, former Justice Robertson will enjoy the full cooperation of the government, including members and the Office of the Premier. I can tell you that we are very pleased that former Justice Robertson will be carrying out this comprehensive and independent review.

Once again, I cannot speak on behalf of former Justice Robertson, but we can see that he signed the contract, so we can assume he is satisfied with the mandate he was given, which is to carry out this review.

Once again, I encourage the Leader of the Opposition to give former Justice Robertson the time he needs to do his work. Once he has shared his findings with us, we will be able to correct this unfortunate situation once and for all. Thousands of errors have been made since 2011, and we must therefore fix the system and restore order in it for New Brunswickers.



[Original]

**Mr. Higgs:** When you make a contract and you spell out the requirements in the contract, a person can agree or not agree to do this based on the restrictions. Obviously, Justice Robertson has said: Okay, well, I can do this based on these restrictions. However, if we were to ask Justice Robertson how widespread he would like to make this review... If you really wanted to make it independent and if you really wanted to get to the bottom of it, then it would be totally different. This does not do that. This is worth less than what I called it yesterday, which is a garbage agreement. This does not do anything to solve how we got into this mess to begin with. It does nothing to accomplish that.

All it will do, like the Strategic Program Review, is validate what the Premier wanted from the beginning of the mandate. Put on the HST, do a program to make it happen, put in a few credible people or noncredible people, however you want to look at it, and say: We are going to have this done and get the result that we want. Put on the HST. Why did the Premier not give Justice Robertson the power to make any findings regarding...

**Mr. Speaker:** Time.

[Translation]

**Hon. Mr. Gallant:** Once again, I cannot speak on behalf of former Justice Robertson, but we can assume he is satisfied with the mandate he was given. He signed the contract and agreed to carry out this comprehensive and independent review for New Brunswickers.

[Original]

I would ask the Leader of the Opposition to stop questioning the credibility of every single New Brunswicker who is doing work on behalf of the people of the province. Last night, he spoke about Mr. Horgan and about former Justice Robertson. I would think, given that he had the chance to sleep on it, that he would regret his comments. I think the things that he insinuated about those two individuals are very irresponsible, very unfortunate, and disrespectful. I ask the Leader of the Opposition to show some restraint and allow former Justice Robertson to do his work. It will be independent, and it will help us fix the problems once and for all.

**Mr. Higgs:** The issue is not the people doing the jobs. The issue is the people doing the jobs for this government. They are not allowed to do the jobs. Their hands are tied. They are not allowed to be the people that they can be because this government is restricting their ability to their jobs. That is the concern in this document. It is really clearly laid out in such a way that it defines the answer. We are not looking at how we got here. We are looking at how we can justify what the Premier has already said—that we are going to outsource, that we are going to make it an independent agency. The assessment office is going to pay the price for the political decisions that this Premier has made. That is not fair.



I would like to know whether the Premier will commit now to giving Justice Robertson testimony on his role in this scandal, because he is not answering any questions here. That is very clear. It sure looks as though he does not have to answer questions, based on this document. Will he be testifying? Will Justice Robertson have the chance to interrogate this Premier?

**Mr. Speaker:** Time.

[*Translation*]

**Hon. Mr. Gallant:** Once again, the Leader of the Opposition is making groundless attacks. I will tell you that we will cooperate fully to make sure that the comprehensive and independent review carried out by former Justice Robertson is a success, as New Brunswickers deserve. I can tell you that I do not want to answer hypothetical questions on the review to be carried out by former Justice Robertson. However, I can tell you that he will have our full cooperation.

[*Original*]

Again, I have to take issue with what the Leader of the Opposition is saying. He is saying that we are not going to look back on how we got here. That is exactly what the review is going to do. It is very evident that the review is going to look at all the problems that have been caused by the problem-plagued property assessment process since 2011. There have been thousands of errors created every single year, including this season, and former Judge Robertson will help demonstrate why this happened. With his findings, we will be able to rectify this situation and fix the problems once and for all.

**Mr. Higgs:** If we really want to fix the problems once and for all, why does the Premier not allow us to put legislation forward? Why do we not put legislation forward that allows Justice Robertson to actually have an independent review—an independent review that reports back to this Legislature, an independent review that puts the questions on the table that the citizens of this province are asking, that the media are asking, and that we are asking? Why not make it independent so that it does not report to the ECO?

I would ask the Premier: If he wants this review to be independent, as he so often says, as he repeatedly says, and if he wants this to be a report that puts it to rest once and for all, as he repeatedly says, why not make it independent? Why not make it report to this Legislative Assembly? Let's get to the bottom of it. I will ask the Premier: Will he allow this to come forward in an amendment to this program? We would put legislation forward to make it truly independent, to make it truly visible, and, once and for all, to let transparency and accountability prevail. Thank you.

**Hon. Mr. Gallant:** I would like to quote the investigative authority that has been given to former Justice Robertson.



8.1. *In order to carry out the work, Mr. Robertson is authorized to request of New Brunswick Government agencies and departments access to all documents in their possession, subject to restrictions on disclosure under Applicable Law.*

8.2. *Mr. Robertson is also authorized to seek the assistance of government employees in procuring information deemed necessary to carry out the work.*

I will just go to another point, 8.3:

8.3. *ECO, on behalf of the New Brunswick Government, will direct agencies and departments to comply with requests made under*

The sections that I just read.

We have made it very clear to the people of New Brunswick and to former Justice Robertson that we want to get to the bottom of what happened this season and every season since 2011. We want to understand all the issues and all the problems so that we can ensure that we fix these problems and that we address these issues once and for all.

(Interjections.)

**Mr. Speaker:** I did not recognize you. Leader of the third party.

## Forest Industry

**Mr. Coon:** For 31 years, the Maritime Lumber Bureau, representing sawmills throughout the Maritime Region, has successfully secured...

(Interjections.)

**Mr. Speaker:** The member for Gagetown-Petitcodiac will come to order.

**Mr. Coon:** ...an exclusion from U.S. duties on softwood lumber exports because of the high level of softwood production from private timberland, when you look at it on a regional basis. When the Softwood Lumber Agreement expired in October 2015, J.D. Irving broke with the Maritime Lumber Bureau and requested that the U.S. Department of Commerce investigate its own New Brunswick-based mills. This put the exemption for all New Brunswick sawmills at grave risk, and I raised that at the time, in the fall of 2015. When was the Premier informed that the Maritime Lumber Bureau would be bypassed and New Brunswick would be going it alone on softwood lumber?

**Hon. Mr. Melanson:** Thank you for the question on softwood lumber. I am sure that many of us on the floor of the Legislature are following this very closely. I can tell you that, on this side of the Legislature, we actually have not only been following it but also acting aggressively in trying



to convince the American government that the Maritimes need to keep the same status that we have had over the last 35 years, which is exclusion.

I think it is important, when we speak on this file, that we be really careful. The Maritime lumber industry and certainly the New Brunswick lumber industry have been benefiting from this exclusion. They have been not only benefiting but also playing on a level playing field when it comes to exporting softwood to the United States. It is important that we keep advocating and pushing really hard to keep the status. That is what this government has been doing for the last three years.

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

**Mr. Coon:** On a Maritime basis, in 2006, 80.2% of softwood lumber production was generated from privately owned timberland, hence, the exemption. In 2015, it was 67%, still not far off the 72% on the U.S. side of the border. In isolation, roughly half of New Brunswick's softwood lumber production is from private timberland, which is why going it alone exposes sawmills in this province to countervail duties.

I raised this concern at the time, in 2015, and the Premier said that he would keep an eye on it. Since the Softwood Lumber Agreement expired in October 2015 and J.D. Irving decided to go it alone, how many times has the minister of trade or his predecessors met with representatives of the U.S. Department of Commerce to defend New Brunswick sawmills?

*[Translation]*

**Hon. Mr. Melanson:** We have been working on the lumber file since we took office. My predecessor as minister responsible for trade, the Premier, and I—since the Cabinet shuffle—have taken all possible steps not only to convince the American government, but also to ensure that the Canadian government placed the Maritime Provinces in a position to maintain their exclusion.

So, we are working extremely hard with all Maritime Provinces and with Newfoundland and Labrador. We want to ensure that the position from which we have been benefiting for 35 years is maintained. All steps have been taken, and we are extremely pleased that the Canadian government has placed the Maritime Provinces in a position to maintain their exclusion.

We will continue to work extremely hard with the Canadian government and the industry in New Brunswick to maintain this status so we can benefit from it for years to come.

*[Original]*

**Mr. Coon:** J.D. Irving mills lost their exemption from softwood lumber duties after they voluntarily presented themselves for investigation by the U.S. Department of Commerce. They



are now paying a 3% countervailing duty since they procure timber from Crown lands, while smaller, independent mills with higher wood costs—some that use less softwood from Crown land or none at all—have been slapped with a 20% duty retroactive to three months ago. There may be more with the antidumping duties decision coming in June. How did the government allow this to happen, or was it happy to let J.D. Irving lead the negotiations?

**Hon. Mr. Melanson:** I would recommend that the member opposite actually discuss this with the industry. We have to be really careful. Those in the industry are sticking together. They are working really closely together to make sure that we position and that we keep positioning so that the status that we have had for the last 35 years will be maintained. That is why the Premier, the entire government, and I have been advocating and pushing strongly, not only to the federal government but also to the south side of the border, over the last many months and years behind us.

We discuss with the industry almost on a daily basis. We discuss with the federal government regularly. We actually met with Minister Freeland. The Premier also discussed this with Minister Freeland, the Prime Minister, and every Premier in the country. We are working very hard and doing our due diligence in consultation with the New Brunswick industry. We hope that, when the final determination comes in the fall, we will have good news.

**Mr. Speaker:** Time.

[*Translation*]

## Cattle Industry

**Ms. Dubé:** The beef industry is in crisis in New Brunswick, and we can see that there are also challenges across the Maritime Provinces. The industry has tried time and time again to advise the government of the challenges it is facing. The industry has tried to tell the government that the sector is in crisis. The representatives of this industry are all here; they got up very early this morning to send a message to the government. They came here to make a heartfelt request; they are here to ask for financial assistance for this year.

These producers want to finally have a specific and dedicated item in the Department of Agriculture, Aquaculture and Fisheries budget, which would be a solution to the problem they are facing and would support their industry. Starting this year, they also want \$200 a head; this is a necessity. This is what they are requesting.

We know the government is asking this industry to increase the number of animals. However, producers are still losing money. My question for the minister is this: Will you provide financial assistance to them, as well as specific programs in your department, starting this year?



[Original]

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

**Hon. Mr. Doucet:** Thank you very much for the question. The timing is very good. As a matter of fact, it is National Prime Rib Day. It is very good timing to have the farmers here.

As a matter of fact, the New Brunswick Cattle Producers Association is facing some of the same challenges. My encouragement to the northwest group is to meet with the Farm Products Commission. I understand that this meeting is taking place, and I am hoping to get over to meet with them as the meeting goes on. I do have some duties in the House that I am going to take care of.

However, the bottom line of this whole process is that, between 2014 and 2015, we saw a spike in the price. Now, there has been a softening of the North American market, which brings it down to about \$1.90 per pound. It has perpetuated some problems and some challenges in the industry. We are all in this together, and we are all working together. We are working with our Atlantic counterparts. As a matter of fact, I have invited all the Atlantic counterparts, including the Minister of Agriculture for Canada, to come together to talk about a strategy for beef and to see how we can work together.

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

