

December 15, 2015

[Original]

### Atcon

**Mr. Fitch:** This morning, the Auditor General indicated that she would perform an audit pertaining to the Atcon affair—fantastic. This was despite the fact that she knew that she would expend or exceed her budget. Over the past weekend, the provincial paper has called on the government to provide the funding for a full audit. We in the opposition have called on the government to fully fund the Auditor General with regard to a full audit. The people of the province have asked that the government completely fund an audit by the Auditor General.

Given the fact that, in the past, the government has always sidestepped the need for the audit or the funding of the audit, I am giving the Premier an opportunity today to commit to giving the Auditor General the complete monetary resources needed to complete a full financial audit of the Atcon affair.

[Translation]

**Hon. Mr. Gallant:** I think I very clearly said during the last question period that we want to cooperate with the Auditor General in all her files, including the one the Leader of the Opposition is talking about today. We said that we will cooperate and that, if the Auditor General thinks she must further examine this file, she should do so.

Regarding the funding of this analysis, as the Minister of Finance said today, it is obvious that a process is in place and that the Auditor General must talk to the Legislative Administration Committee and present a budget. She must explain why she needs more funds.

That being said, it is important to note that the Auditor General already has access to a budget of almost \$2 million, a budget that has increased by 22% since 2005. In these very difficult times financially, the Auditor General, like all legislative officers, will undoubtedly have to follow the process in place.

[Original]

**Mr. Fitch:** You know full well that the Premier's members hold the majority in the Legislative Administration Committee. They have used that majority in the past to push through rules, to push through funding, and to get their way in LAC.

Right now, the Premier has said: There is no new information, and we do not want to look at this case. Again, it raises questions about some of the current Cabinet making decisions around



that. The Premier has an opportunity here to make a decision, to show leadership, and to come out and fully support the Auditor General by saying that the monetary funds will be there.

The ministers sitting around the table, including the present Minister of Health, gave Atcon almost \$50 million. It was evidenced that he knew that the Deh Cho Bridge, which was one of the biggest projects that Atcon had on the books and which would have generated significant amounts of revenue for the company, was in jeopardy. In fact, it was not going forward. Will the Premier commit to the funding now?

**Hon. Mr. Gallant:** Again, as I said, a process is in place. The Auditor General will come to see LAC, which is a committee of the Legislature, to present her budget and her asks. I am sure that it will go through the proper process.

Let me say this again. I reiterate once again on behalf of the government that we will cooperate with the Auditor General on any file, including this one. Frankly, we are pleased that she is going to look into this more if she feels that she has to. New Brunswickers need to know that this has been looked into as much as possible and that every stone has been turned. We support that one hundred percent.

When it comes to the financing of the forensic audit or any analysis that she will do, we ask that it go through the proper process and that, obviously, there will be things presented to show why this may be the case. We have to put into perspective that every legislative officer—well, almost every one—asked for an increase in his or her budget and that it is tough times. That is why the Finance Minister said that their budgets would be frozen, and that applied to the Auditor General as well.

**Mr. Fitch:** If the Premier went back and looked at Hansard from a year or so ago, to when he kept saying that there was no new information, that there was nothing to be learned, and that the fact that there was an election absolved the members opposite from being labelled as the people who gave away \$70 million of the taxpayers' funds, he would see that there has been a complete turn of events.

Again, it is welcomed that the Auditor General is going forward, but it brings concern over the conditions in which we find ourselves. Some of the people who gave away that \$50-million loan to Atcon knew in advance that the Deh Cho Bridge was in jeopardy and that Atcon had actually been removed from that file and that work, which would end up having about a \$20-million or \$15-million shortfall in revenue. When the Minister of Health gave away that money knowing that the revenue and the company would be in trouble, is the Premier not concerned about that thought process now?

**Hon. Mr. Gallant:** As much as the Leader of the Opposition wants to relive this file, it was done seven or eight years ago. There have been two general elections since. We have supported the Auditor General looking into this matter before, when we unanimously supported a motion in this Legislature when we were in the opposition. We supported other legislative officers looking



into this matter. We have said, yet again, that we will cooperate in any shape or form that we can with the Auditor General if she wants to look into this further.

When it comes specifically to the finances, all the legislative officers, or most of them, asked for an increase. The Minister of Finance, as he has to do during these tough financial times, said that there would be a freeze to their budgets. Obviously, if the Auditor General thinks that she needs more money, she is going to have to go through the process and talk to LAC. It is then, of course, going to be analyzed by members of the Legislature on both sides, and we will make sure that we cooperate as best we can so that we can ensure that every rock has been turned in this matter.

**Mr. Fitch:** The Premier is trying to say that this happened in the past and that there was a process that went through when he was in opposition. Yes, the opposition voted in favour of an audit by the AG. That came out when he was the Premier. When he was the Premier, that report came out, and the request to go further with a full audit was put on the floor of the Legislature. The Premier rejected that. He rejected the recommendation by the AG to go forward. Why has the Premier changed his mind? Why is he now, all of a sudden, in favour of moving forward with the Atcon file? Has he come to some revelation, or is it the fact that he has gotten so much public pressure that he cannot ignore it? Can the Premier tell us why, about a year ago, he was so against looking into the Atcon file any further, but now he is more in favour of moving forward?

**Hon. Mr. Gallant:** When this came up last time, I actually said very clearly that, if the Auditor General felt that she had to look into this matter more, she should. I said it very clearly. I said it again last week. I said it again this week. If she wants to look into this matter further, she can.

Since we are talking about the past, let's put something into perspective. Between the past seven and eight years, we had another government. The member opposite was a minister in that government. Why did his government not send this to the Auditor General? Why did it not pay for a forensic audit? The members opposite have had servers with information since 2013. Why have they decided now to hand them over? If the former government asks us to do things today, it should explain to the people of New Brunswick why it did not do them when it was in government.

**Mr. Fitch:** I think that the Premier should check his timeline and check his facts. As a matter of fact, when we were in government, we were the ones who put the question to the Auditor General to look into the Atcon file. We are letting that process unfold. We let that process unfold, and it continues to unfold after the change in government.

The change in government occurred, and it was the Premier who tried to shut that down. That is why we have to ask him this: Was he trying to protect the Minister of Health? Was there some information there that he did not want the public to know about? Again, it calls into question some of the decisions that are being made now. The Minister of Health knew that the Deh Cho Bridge was in trouble before he let the money go to Atcon, yet he still allowed the loan



to go through. Then he put the taxpayers behind Scotiabank, as first in the line of creditors. If the Premier is so concerned—he is now in power, he is making the decisions, and he decided not to let the Atcon thing go forward—why has he not tried to recover some of the funds from Atcon?

**Hon. Mr. Gallant:** It is quite unfortunate that the Legislature is where it is in terms of the discussion. We actually seem to be agreeing that the Auditor General should look into this matter as much as she feels she should. We believed that when we were in opposition, and that was why we supported the motion by the government of the day. It was a unanimous motion, passed in the Legislature, asking the Auditor General to look into this matter. We are now saying that we will cooperate on anything the Auditor General feels she has to do to look into this further.

Now, when it comes to financing, we have said that there will be a freeze on the legislative officers—that is all of them—because we do face tough financial times. If the Auditor General feels she needs extra money, there is a process in place. I am sure she will go through that process and make the case as to why more funds should be given for this matter.

We seem to be in agreement that we all want this matter to be looked at in depth. Will the Leader of the Opposition recognize that we agree on this matter?

**Mr. Fitch:** This is what we have been pushing for for a year. What we would like to see, again, is for the Premier not to give just his qualified support—unlike the Auditor General, who qualified the financial statements. If they do not change that dialogue, they will be qualified for the rest of their mandate. Can the Premier give that unqualified support?

We have seen that a MEC was put in place to follow the numbers and it was put away. We have seen that there were options in the past to move forward. Maybe it is because the Premier condones some of the lavish spending that was coming out of the shareholders' account that is still owed to Atcon. Why has the Premier not moved to recover some of those funds that were taken out by the shareholders? We have a house right here in Fredericton. There is a Lexus car. There is the Aruba rock, which was a \$13 000 purchase, approximately. Why has the Premier not moved to regain some of those assets for the province?

[*Translation*]

**Hon. Mr. Gallant:** Once again, I would like to add that the Auditor General will have to follow the process in place, like any other legislative officer. Here is what is ironic: If we rose in the House on any other file and said to opposition members that we would not follow the established process or appear before a committee, they would criticize us for saying that things would be done without following the usual process, meaning without appearing before a legislative committee.



So, there is a process that must be followed. I am sure the Auditor General is aware of that, and I have no doubt that the process will be followed in this case.

It is important to note that the opposition members were the ones in power not too long ago. So, if it were so important that other analyses be done, they could easily have asked for one and paid for it. We agree on this: More analysis of the file must be done by the Office of the Auditor General.

[*Original*]

**Mr. Fitch:** I would remind the Premier that Judge Ryan went forward with a hearing on the conflict of interest of former Liberal Premier Shawn Graham, who was found guilty of that conflict of interest because his father was on the board of Atcon. We know that Judge Ryan went over his budget allotment for the year, and that was covered off. Will the Premier commit that if, in fact, the Auditor General goes forward, that budget amount will be covered off?

In the meantime—and that may take a year—will the Premier commit to trying to get back some of the funds that flowed through to the shareholders and that exist here in the province? There is a house here in Fredericton. You can trace the car. There is a timeshare down in Florida. There is a piece of jewellery that was purchased out of funds that flowed through Atcon to the shareholders and that were owed back to the company. In the meantime, while the Premier is waiting, will he make a commitment to seize some of the assets to get the money back for the taxpayers of the province?

[*Translation*]

**Hon. Mr. Gallant:** I already made a commitment with our government to work with the Auditor General on any file, including this one. However, there is a process to follow, and I am convinced that the best thing for everyone is to follow the process in place for this type of situation.

[*Original*]

I would also like to add that we want to cooperate with the Auditor General, which is maybe more than the previous government did. What is interesting is that the Auditor General had made several recommendations that the past Conservative government could have acted upon. She made recommendations when it came to the Department of Economic Development in 1998 and 2010, and the opposition members, when they were in power, did not follow these recommendations. Contrary to that, we are. Opportunities New Brunswick has been working on the recommendations that were put forth by the Auditor General, and, in fact, she said today that we have made some real progress. It is a lot more than we can say about the opposition when it was in government.



**Mr. Fitch:** Again, the Premier is trying to rewrite history as following the process. There was a conflict of interest that included a significant number of witnesses under oath and that found the former Liberal Premier in conflict. There were other dealings with shareholders within the Atcon file. Maybe that is something that the Premier has been trying to hide in the past because he did not want it to go any further. That is on record. It is on tape. It is on film. We can prove that. The Premier was very, very adamant about not going forward on the Atcon file.

I have a question for the Premier because, again, the Atcon file has many, many issues with it and there are many shareholders in the Atcon company. Did he talk to any former Premiers who were involved with Atcon who said: No, it is okay; go ahead, and have the forensic audit done; there is nothing here that you need to protect us from? Did he have a conversation with other Premiers—former Liberal Premiers—regarding the Atcon file?

*[Translation]*

**Hon. Mr. Gallant:** This question regarding conversations which could have taken place is absolutely inappropriate. Firstly, the answer is no; secondly, the questions from the opposition are very surprising. Once again, I do not even understand why we are being asked such questions.

*[Original]*

We actually agree. We agreed with the former government in June 2013 when we unanimously passed a motion asking the Auditor General to look into this matter further. We agree again. I said it last week, and I said it in the first response to the first question asked today. I said it last time and a few months ago when we talked about this matter. We made it very clear that, if the Auditor General wants to look into this further, she should do so. In fact, we encourage it. If New Brunswickers, she or anybody else, feel that there are unanswered questions, then let's make sure that we go in and get all the answers to those questions. We agree, and I do not understand why the opposition is still asking questions about this matter today.

**Mr. Fitch:** It is very clear why we are asking questions here today. Last week, we asked the questions, and the Premier said: Yes, I support it—no problem. From that, it was inferred that he would fund it. We had the minister from Campbellton-Dalhousie go out an hour later and say: By the way, that does not mean that we are going to give her any money.

So many times, we have seen this government say one thing and do another. Ministers say one thing, and the Premier corrects them. The Premier says something, and, now, we have the minister going out and correcting him. That is why, again, we are asking the Premier today to give unreserved, unconditional support to the Auditor General and to say: We are supportive of the audit, and we will give you the money to get the answers that the people of New Brunswick want to know. Just make that unconditional commitment here today, and then we will be done with this. Thank you, Mr. Premier.



**Hon. Mr. Gallant:** Does the Leader of the Opposition think that, if he keeps asking the same question, I am going to change my answer? A process is in place. All we ask is that they follow the process.

To put it in perspective again, the Auditor General has a \$2-million budget. It is the second-largest budget of all the legislative officers. To put it in perspective, since 2005, her budget has gone up by 22%. To put it in perspective, all the legislative officers, who all do good work on behalf of New Brunswickers, have asked... I should not say "all". Most of them have asked for an increase in their budgets. Because these are tough times and because we have to make tough choices, the Minister of Finance said that there would be a freeze on the budgets of the legislative officers. Given that, I am sure that the member opposite can understand why we would like to follow the process when it comes to this ask. I think that it is quite simple, I think that it is quite obvious, and we think that it is quite prudent.

### Government Funding

**Mr. K. MacDonald:** To the Minister of Business New Brunswick, \$20 million was realized from the sale of Co-op Atlantic assets to Quebec Coop fédérée. Under the *Companies' Creditors Arrangement Act*, funds from the sale of assets go to secured creditors first and then, if any monies remain, to the unsecured creditors. This is my question to the minister: What percentage of the unsecured creditors' debt was addressed? Since your government was formed, since the Gallant government was formed, how much money has been loaned or guaranteed to Co-op Atlantic?

**Hon. Mr. Doucet:** Just to correct the record, the member opposite mentioned the Minister of Business New Brunswick. I am not the Minister of Business New Brunswick. I am the Minister responsible for Opportunities New Brunswick. I think that things have changed a bit since the members opposite were in business. Business New Brunswick is not in operation. There is now Opportunities New Brunswick, which is a combination of Economic Development and Invest New Brunswick. It has brought the best together, and this is what we are working toward.

On the question that the member brought forward, Co-op Atlantic is actively working to address its current situation. It is working with the people at Opportunities New Brunswick, and we are hoping to resolve it. It is going through a restructuring process right now.

**Mr. K. MacDonald:** I would have asked Mr. Lund the question since he seems to be running things, but he was not in the House this morning.

Again, this is my question to the minister. Coop fédérée is the largest agri-food business in Quebec and is among the 100 largest cooperatives and mutual societies in the world. What were the terms of the sale? How much of the proceeds from the sale were recovered for the taxpayers of New Brunswick? We have already heard in this House that we have funded a bridge, a construction company, and a shipyard. Should we be adding Co-op Atlantic to the list?



**Hon. Mr. Gallant:** I am sorry, but I just have to get up, given the little preamble by the member opposite. He said that he should be asking the questions to Stephen Lund, the CEO of Opportunities New Brunswick, because he seems to be running the show. What is interesting is that the member is right. Opportunities New Brunswick is a Crown corporation that we are making sure is run with a private sector mentality. We are making sure that, when we finance something, we are asking people on a board made up of people from the private sector to help us analyze which decisions we should be making to better the economy in the province.

This is unlike the previous government, which the member opposite was a part of, that appointed a former Conservative Party leadership candidate to run one of the most important agencies it had to create jobs and investments in New Brunswick. Instead, the previous government appointed a Conservative leadership candidate to try to create jobs for our province. Not us. We went with someone who is competent and, lo and behold, someone who actually merited the job.

**Mr. K. MacDonald:** He is running the show with no targets for the contribution to New Brunswick's GDP. He is running the show with no targets for capital expenditure, no targets for the number of jobs to be created, and no numbers for the return on New Brunswick taxpayers' investment. Again, I ask this question to whoever on that side would like to stand up: What is the creditor status held by the taxpayers of New Brunswick?

(Interjections.)

**Mr. Speaker:** Order.

**Mr. K. MacDonald:** What was the liquidation method used to evaluate the assets of Co-op Atlantic? What input did you have in the sale of Co-op Atlantic to Coop fédérée?

**Hon. Mr. Gallant:** There is an old adage that says: Do not speak louder, improve your argument.

The member opposite wants to talk about the record of Opportunities New Brunswick and our government. When it comes to creating jobs and growing the economy, we will gladly stack up our record during our short time in office to that of the members opposite. Opportunities New Brunswick has already created 2 300 jobs in New Brunswick in the past four months, despite the Canadian economy losing 36 000 jobs. Just last month, we saw a net gain of 5 000 jobs in New Brunswick.

(Interjections.)

**Mr. Speaker:** Order. The member for Fredericton-York will come to order.

**Hon. Mr. Gallant:** We currently have the lowest unemployment rate in New Brunswick since April 2010. That is right. It leapfrogged over the member opposite's time in government. He was part of the only government in 40 years not to have a net gain in jobs in the province.





(Interjections.)

**Mr. Speaker:** Order. Order.

## Schools

**Mr. Crossman:** It looks as though the Gallant government is loading up on bad news and closures in advance of Christmas in the hope that people will not see the forest for the trees. Once again, it continues to make major changes to our education system before the education plan is released. It started by cutting over 300 educators and closing schools. Now, we understand that cafeteria closures have been quietly announced. Again, it is our rural schools that are being let down by this government. Will the Education Minister stand and give the House a list of all school cafeterias that will close?

**Hon. Mr. Gallant:** Again, I have to clarify a few things for the member opposite. What he does not know is that his colleagues, when they were in government not too long ago, had no education plan at all. For every single decision that they made when they were in power, they were doing it with zero plan—no education plan for our province.

One of the first things that we did when we formed the government was to ensure that we asked two stakeholders—two cochairs who are very well respected in the education field—to help us develop a 10-year education plan. What the member opposite fails to remember is that we had to do that because his colleagues, in the past, when they were in government, did not do it.

We can tell you that education is at a pivotal point. We have to invest strategically. That is why the 10-year education plan is being developed, and that is why, in the history of our province, we will be the government to invest the most in education.

**Mr. Crossman:** I do not believe that the member opposite answered the question. The question was about the number of cafeterias that are closing and where they are. We saw online last night that those in McAdam and Harvey are up for closure—rural schools again—because Chartwells is closing down, I believe. It looks as though the Gallant government does not realize that there is more to education than cutting jobs and closing schools and cafeterias.

Once again, if we refer to the election platform, we find them saying one thing and doing another. On page 15, we find the statement: “We will work hard to make sure New Brunswickers and their children get the education they deserve”. That sounds fine. Imagine if the truth were fully revealed. We find it hard to make sure that New Brunswickers and their children get the education they need by closing schools, cutting teachers, and allowing cafeteria services to be removed from rural schools. I do not think anyone would have voted for that. Does the Education Minister think anyone would have voted for his government if they had known the truth about its intentions?



**Hon. Mr. Rousselle:** I would have believed that a former school director would know how the system works. Obviously, I will have to explain it.

(Interjections.)

**Mr. Speaker:** Order.

[*Translation*]

**Hon. Mr. Rousselle:** I am in fact aware that a company has decided to stop serving meals in the school cafeterias of a dozen schools in the province. As the member for Hampton certainly knows—at least, he should know—food service contracts are managed by the school districts. So, all cafeteria contracts are managed by the school districts. They make the decision regarding these contracts.

It is indeed very regrettable that this company has decided to stop serving meals in these cafeterias at the end of this week. The school district involved is now working with the 12 communities to find a way to provide these services. So, we are looking for solutions, and I find regrettable that the member opposite is playing petty politics with such an important subject for the future of our children.

[*Original*]

**Mr. Crossman:** I do understand. All we on this side are asking for is a list of the schools where cafeterias are closing and how many, and we cannot get that answer.

I do understand what is going on. A teacher's job, day in and day out, is becoming more and more. Teachers, with fewer of them doing the job, are expected to clothe and feed students in the morning, do their regular jobs, and handle other issues on the side—being parents.

With the test scores and overall points being down, we realize that it is important to have healthy nutrition. It does start at home. Parents should start with sending lunches to school. At the same time, if a cafeteria is in place, it ensures that things like breakfast programs, especially in priority neighbourhoods, whether in rural schools or in the cities, take care of children from kindergarten through to Grade 12. Does the minister agree that a strategy for healthy eating would be a logical component of the 10-year plan?

[*Translation*]

**Hon. Mr. Rousselle:** I can confirm to the member opposite that, indeed, everything relating to food, healthy lifestyle habits, physical activity, and so on is very important.

I can provide the member with the list of the 12 places where we expect some difficulties in terms of cafeteria services, because I have it in my hands, but I especially want to tell him that I



am very surprised by his statements. He said that we had eliminated 200 to 300 teaching positions, but I want to remind him that it was his government, the government that was in power before us, that cut 311 positions in this sector.

However much we talk about rural life today and say how important it is, over the last 18 years, 70 schools have been closed, including 50 under the Conservatives. The opposition talks about cuts, and the member for Hampton said again last week...

[*Original*]

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

### Climate Change

**Mr. Coon:** Thanks to the invitation from the Premier, I was part of the New Brunswick contingent of the Canadian delegation at COP21. I was honoured to be part of the delegation representing New Brunswickers and Canadians at the UN conference, which resulted in a historic agreement to limit the upheaval in our climate. According to Thomas Homer-Dixon, it is as historic as the Bretton Woods Agreement or the Universal Declaration of Human Rights.

I particularly appreciated the opportunity to discuss the talks and what they could mean for us in New Brunswick with the Premier and the member for Albert. This sort of collaboration is exactly what we need as we move forward. My question is for the Premier. Will he continue this collaborative approach as we move forward with developing New Brunswick's climate action plan?

[*Translation*]

**Hon. Mr. Gallant:** Thank you very much for giving me the opportunity to rise here in the House, not only to answer your question affirmatively, but also to say that I was very proud to be accompanied by the Environment Critic and, of course, the member for Fredericton South, who joined us in Paris for the climate change conference. I think the event was a real success, given the historical agreement reached during this conference.

Yes, it is important for us to play our part in this area. To do so, we have to work with all New Brunswickers, including the opposition and the member for Fredericton South, to find out exactly how we can develop a plan that will help us grow the economy and create jobs in a responsible and sustainable way.

I am convinced that we can do it, and I am convinced that, by working together, we can accomplish great things.





[Original]

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

