

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**ECONOMIC DEVELOPMENT**

**Tuesday, January 10, 2012**

**COMMITTEE ROOM 1**

**Department of Economic and Rural Development and Tourism  
- jobsHere Strategy**

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## **ECONOMIC DEVELOPMENT COMMITTEE**

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[Ms. Vicki Conrad was replaced by Ms. Michele Raymond.]

[Mr. Brian Skabar was replaced by Mr. Mat Whynott.]

[Mr. Eddie Orrell was replaced by Hon. Christopher d'Entremont.]

## **WITNESSES**

### **Department of Economic and Rural Development and Tourism**

Ms. Sandra McKenzie - Acting Deputy Minister  
Mr. Marvyn Robar - Vice-President, Investment  
Ms. Lilani Kumaranayake - Executive Director, Policy and Planning  
Mr. Christopher Daly - Acting Associate Deputy Minister

In Attendance:

Ms. Jana Hodgson  
Legislative Committee Clerk



House of Assembly  
*Nova Scotia*

**HALIFAX, TUESDAY, JANUARY 10, 2012**

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

9:00 A.M.

CHAIRMAN  
Ms. Pam Birdsall

MADAM CHAIRMAN: Welcome everyone. We have some familiar faces in front of us again. The last time we met, we all met together.

This morning we have with us people from the Department of Economic and Rural Development and Tourism. We are going to talk about the jobsHere strategy. We have Acting Deputy Minister Sandra McKenzie, welcome. We have the executive director of Policy and Planning, Lilani Kumaranayake - thank you - and Mr. Marvyn Robar.

MS. SANDRA MCKENZIE: We are also joined by Chris Daly, the Acting Associate Deputy Minister.

MADAM CHAIRMAN: Welcome, Chris. What we'll do is have a presentation after all the members of the committee introduce themselves. Then after the presentation we'll have questions. We'll see how long the first round goes and we'll see if there is interest for a second round of questioning. Then we'll go ahead and do our committee business after that.

[The committee members introduced themselves.]

MADAM CHAIRMAN: Thank you, so the floor is yours.

MS. MCKENZIE: I'm actually going to stand to do the presentation.

MADAM CHAIRMAN: Sure, whatever is good for you.

MS. MCKENZIE: I definitely don't need a mike, I'm a hockey mom. (Interruptions) Oh, okay, I won't need to stand. (Laughter)

We've been invited here today to do a presentation on jobsHere. I don't want you to be deterred by the fact that there are 21 slides in the deck, I can talk fast; it's part of my Newfie heritage. I will just run through basically the premise of jobsHere and then talk about some of the accomplishments this year and then we can move into the question section.

You'll see in the next slide, we did fairly comprehensive research and analysis to determine what the challenges were in the Nova Scotia economy and then what it was we actually needed to address. We figured out that we needed to, as Donald Savoie said, learn more, innovate more, and compete more. Basically that became the ground for the activity in jobsHere, but to have determined that we needed to be more productive to address productivity, to address international commerce, and to address workforce. Really those big buckets, a lot of economies were beginning to identify those so we had to find out exactly within those what actions we needed to take for the Nova Scotia economy, and make sure that we have the measures and evaluations in place to make sure that not only have we chosen the right things but that we were making progress in those areas.

I guess in summary, the "learn" part is learning the right skills for good jobs and that partly is spurred on, as everyone knows, by the shrinking demographic. This says a 14,000 decline by 2014, yet you hear numbers like 17,000 to 18,000 over the next three years, that type of thing. The issue is more the number of people actually leaving the workforce than it is actually the population decline that is of most concern, so addressing those workforce issues is paramount.

Most recently the Department of Labour and Advanced Education, which partners with the Department of Economic and Rural Development and Tourism, released the Nova Scotia Workforce Strategy, which is one of the pillars of jobsHere. It has three main areas to look at. What we know is that one of the most important places for learning for adult Nova Scotians actually is in the workplace, so there is quite a concerted effort at supporting learning and skills development in the workplace. Also, a big feature is helping Nova Scotians connect with good jobs; and also, a whole focus in the Workforce Strategy is growing our workforce in numbers and in skills. That's everything from ensuring that older workers are more engaged, also looking at the Immigration Strategy, looking at the retention and engagement of youth, and sort of the whole spectrum.

In the "innovate" piece of jobsHere, we determined through the research - and the statistics were already there - that we were low in productivity in comparison to the rest of the country. What we also, I think, sort of unpacked or uncovered is that a lot of the provinces that look like they're having great numbers in terms of productivity, in fact, if you remove some of the - like for instance, in Alberta, if you remove oil, they actually have some of the lowest productivity numbers in the country. So what you really want to find

out is, what is actually causing the productivity numbers to be the way they are and then what are the remedies that we can put in place to address those?

The Nova Scotia Productivity and Innovation Strategy, which we're hoping to release in the next month or two - or maybe a little bit later than that - really builds on the activity that was identified in jobsHere and the four major areas we'll be looking at - Strategic Investment. Those will build on our sector analysis and strategies, and I talked about that a little bit the last time that we were in.

What we determined - and Savoie also noted - was that Nova Scotia had a lot of sector analysis done that was an inch deep and a mile wide. What we really had to have was really deep dives to understand. The first two that we completed are the oceans industries. That has given us a very deep dive. We understand the workforce; we understand the businesses that currently are thriving here. We understand the niches that Nova Scotia has and what is the type of R & D that would support that. What we've done now is also look at the financial services with that type of deep dive. NSBI lead that piece.

The next two areas that we'll be looking at are the ICT - information, communications, and technology into the future; and aerospace and defence. So those are the next two that are up for us to do that deep dive on and we'll be moving on from there.

In the second block under productivity and innovation is to look at tech adoption, commercialization, and entrepreneurship. We do know that one of the areas that we're trying to spur is the purchase of capital by Nova Scotia businesses. That is an important part of productivity and that's what we're trying to encourage through PIP. In addition, when you see eNova Scotia, really what that means is now that we have primarily the broadband base in place, what we want to do is ensure that Nova Scotian businesses are able to build on that through a focus on what e-commerce would look like. Really that's part of our internationalization agenda.

Access to Capital - there's more detail on this to come later in the presentation. We determined to look at the equity tax credit, venture capital, and also to establish the Clean Tech Fund. Also to look at Strategic R & D Priorities - I'm going to talk a little bit more about that in terms of accomplishments.

So we've looked at workforce; we've looked at productivity and then the third area was that we needed to become more competitive globally. If you look at the map, it explains - if you can just put in all the little blocks - basically what this map describes is that in the past we thought Nova Scotians could just build something here and we could just export it and that's how we would engage in the global economy. Well, actually, the global economy changed significantly. Nova Scotia businesses are finding that they have niches in much larger companies.

So you can see from this map that a company can be headquartered in Ontario, have their R & D done in California, their legal done in New York, and their IT services

provided in Europe. The IT services provided in Nova Scotia: the components are provided in Europe, the assembly is done in China, and their call centres are in India. Having Nova Scotia businesses understand why they can put their piece into that larger global supply chain is a much more complicated picture. There has been quite a focus on that in the past little while and I'll talk about that in terms of the accomplishments as we move forward.

The International Commerce Strategy, which will also be coming out in the next couple of months - we've been spending time working with business on that - focuses on three primary areas: building competitive international companies, strengthening their access to international markets, and then increasing international activities. So it's build, connect, and grow.

The next complex picture describes how we manage jobsHere. There's a ministers' committee on jobs and the economy. It meets every two weeks. The deputy ministers' leadership team on jobs and the economy, which has all of the deputy ministers from the various committees that you would expect to be there and who are leading various components of jobsHere, meets biweekly as well. In addition, there is a set of team leads that chair each of these areas who report to the deputy ministers, who then provide that leadership.

We'll roll right into the achievement. We're about 15 months into the jobsHere plan and I'm going to roll through what the initiatives are that have been completed to date. The Clean Tech Fund has been established. That has been established inside Innovacorp. It's a \$24 million fund that can be drawn down for investment and clean-tech businesses with the most recent or the first investment in the aioTV that was announced, I guess last month.

The I-3 Technology Start-up Competition, the zone winners will be announced later in January. This is a technology competition that is run through Innovacorp and really is looking at encouraging more start-ups of businesses in Nova Scotia related to the knowledge industry.

The Regional Venture Capital Fund, all four Atlantic Provinces have indicated that they are interested, with New Brunswick matching Nova Scotia's commitment of \$15 million, and Newfoundland and Labrador poised to make an announcement soon. The CleanTech Open Competition is looking at building on the I-3 competition and really had it focused on clean-tech companies.

What we need to do in Nova Scotia is have more business start-ups and more business start-ups in areas that we believe we have opportunity in. That's what those are designed to do.

The sector studies I've already described. Also, based on the oceans tech study that told us that we have the highest concentration of Ph.D.s in the oceans industry than really any other concentration per capita in the world, led the government to make an investment

in the Halifax Marine Research Institute, which then partnered with Irving and prepared a very strong value proposition which was part of the shipbuilding contract.

The Strategic Investment Framework is something that we're using internally. Established by NSBI, it makes sure that we're looking at the same set of criteria for each of the investments that we're considering. Productivity and innovation vouchers are vouchers that are available to small businesses to be able to conduct research and development. They partner with the Nova Scotia Community College or the universities; 41 of those have been given out this year. We had \$500,000 committed but it was so over-subscribed that we found the money to put another \$175,000 out.

The Capital Investment Incentive, which is part of PIP, is part of the \$25 million fund to encourage capital investment and training for businesses in the province. That has been up and running and quite successful. We've launched the business portal, which is the one-stop shop for businesses in Nova Scotia to be able to go and get information on the programs and services available to them.

Finally, we've launched the Workforce Strategy, launched the Sector Council Program which is to work with the sector councils to look at HR for specific industries in the province. We're looking at Employer HR and Management Capacity. What we've determined is that a lot of small businesses don't have the means to go out and find out how do I hire, how do I place a job ad, how do I interview, how do I manage staff, and on-line support for that. Also, the Immigration Strategy was launched in April 2011.

The Apprenticeship Program is in a process of renewal. There are currently 5,500 apprentices in 1,700 organizations across the province. This is obviously an area with respect to the demand in trades that we're looking at the potential for growth. There are 1,800 participants in the literacy programming at 80 work sites in the province and that's specifically related to something called Workplace Education. We're addressing what we call essential skills - reading, writing, math, computer and ability to partner in the workforce, ability to get along with people. That is a program that has been running very successfully across the province.

Under the workforce training piece of PIP we have 140 active agreements with businesses across the province. The objective there was to get more businesses participating in learning and we've been successful; there are 6,200 people participating in those programs across the province. In addition, under PIP, we have tripled the number of co-op education placements to 356 post-secondary co-op placements. Those are high-quality co-op placements in the students' field of study and 143 employers are participating.

In the International Commerce Strategy, we've talked about better understanding and improving our market intelligence around the world in terms of what the opportunities are for Nova Scotia businesses. We've done a survey of 300 internationalized firms to find out what types of services they would require and rolling that market intelligence out to the

industry. The idea here is to help businesses identify if they're ready to become internationalized: what are the types of training they might require in terms of certification to allow them to sell into different markets; plugging them into the networks that they need to have in those specific countries to be able to sell; and then taking them there through trade missions often lead by NSBI.

There was also a consolidation of trade in the Spring this year and we also announced the Public Procurement Act. By bringing more organizations - the MASH sector - in with the core of government, it allows businesses to sell into a larger conglomerate, which means they're better prepared to sell into larger markets. It has been quite a boost for the capacity of business to sell in an international capacity.

I'm not going to go through the next slides in too much detail except to say that we're measuring jobsHere at three levels: the macro level, which is how the whole economy is doing; we then measure each of the programs to see if they're achieving their outcomes; and then we look at the programs in the context of jobsHere to make sure not only are they working as a program, but also that they're working together as a cluster of programs to advance the jobsHere objectives.

I'm going to stop there. That was a lot of information to jam into a few minutes. I'm sure with the questions we can slow down a little bit and have a conversation.

MADAM CHAIRMAN: Mr. MacLellan.

MR. GEOFF MACLELLAN: Thank you, Madam Chairman, good morning and thanks again for the presentation. It's good to see you back. I'm just going to ask two quick questions. I always say they're quick, but they turn out to be pretty long and then we'll go for a second round. I want to ask this one, Sandra and I'm sure you can predict what the question is going to be.

I'm just wondering again - similar to the IEF, the Nova Scotia Jobs Fund Act - with jobsHere. I guess we respectfully disagree on this, but I truly think that when you look at a lot of these things - and I think this slide is a perfect indicator of the questions that I have about job targets - we spend these hundreds of millions of dollars here with jobsHere, with the IEF, the Jobs Fund. If you're investing in sectors and you're investing in exports and innovation and those types of things, well, obviously those sectors and industries have industry players and the private sector that you're working with. When they're developing plans for development, when they're developing any kind of job creation, then there are numbers associated with those.

What I guess I don't understand - and if you could just elaborate on a little bit - is when we invest these taxpayer dollars, how do we not have a range of jobs that say, look, we're between 2,200 and 2,500 for this industry, this sector, this portion of jobsHere? If you're a business, if you're an individual, if you're looking for money from a bank, that's part of the business plan; it's an essential part, it's Business 101. How do we not have



targets that say, okay, look, here's the investment, here's the money that we're going to put in as a province, what's the range of jobs? That, to me, is the number-one indicator - talk about measures and outcomes - if you're succeeding or not, that's how we know whether it's working. So that's the first question.

Secondly, a couple of slides back you made reference to the exports. We have heard many times in the Legislature, outside the Legislature, from the Premier, from many of the experts that we're in a deep global recession. You hope in Europe with what is happening there with the European Union that things aren't going to get any worse economically and this is as bad as it's going to get.

The best-case scenario is we're mired in this thing for a couple of years so my question is, if we're targeting exports and that's going to become a flagship for jobs Here, is this the right time? Is that a viable injection of public dollars when we already know and the Premier and others are saying, look, hang on here because it's going to be a tough couple of years ahead? Is that the right spot now? Are we that targeted with our exports that we know these things are going to work despite the currency issues, the trade issues, and those types of things?

MS. MCKENZIE: Let me start with the first question first. There are two different areas in terms of the measures that we can talk about. One is: we do look at jobs created in terms of if we make an investment of public dollars - and I'll let Marvyn speak to that. Every time we make an investment in a company we look at jobs created and then we track that.

In terms of identifying the sectors and what the opportunities are, what we're really looking at, at the very beginning, is understanding what that sector looks like. So with the oceans sector we've identified 200 or 300 companies, I think, that are spread all over Nova Scotia and they are basically saying to us, here are the types of things we need: we need more information on what the international markets look like and where we're selling, we need to be able to partner more effectively to grow our products, we need to understand the research and development opportunities that are there, and we also need to talk to you about the very specific types of workforce requirements we have - sometimes they're not always graduates; they need to have very specific types of skills.

Before we work with you we have to know, is it 200 jobs that you think you can create or 400 jobs that you think you can create? We've identified this as a potential growth sector that if we work with business and industry to create the right climate, we believe that this sector can grow. We already know that they are fairly prolific employers in their areas now. So we identify that the goal is to grow the sector - and we've had this conversation before; we don't set a target on the jobs within it because we believe that as you grow the sector, the jobs will come. So there's the two.

We always track the jobs that we can create through specific investments in businesses and when we grow the sector through the very specific types of things that

businesses say they need the support in, we're not tying that to specific job targets; we're creating the overall goal of growing the sector. Marvyn, did you have anything you wanted to add to that?

MR. MARVYN ROBAR: I think the setting of targets is a very challenging concept, especially because really in many ways it's not within the government's control to determine how many jobs are going to be created; it's up to business. As Sandra was saying, what we're putting in place really is a support mechanism to help businesses grow. I mean, we don't lead businesses. We can help them look at new markets, we can help them provide financing for their growth but as to the actual target that's going to be achieved, it's really up to a whole number of factors.

For example, two years ago could we have predicted that there would be 12,000 jobs at the Halifax Shipyard based on the procurement? That was based purely on a decision of the federal government. So I understand what you're saying when you talk about trying to set targets as a measure to try to achieve, but it's a very complicated and complex area with so many variables and it's very difficult to set targets in that area.

MR. MACLELLAN: Sure, I just think that there's no other more obvious indicator than job creation. If you're a private-sector entity and you're receiving an injection - whether it's from the bank or from some kind of government program - when you're expanding, that's the crux of it: that's the crux of your expenses, that's the crux of your costs. So if you're going to any private sector - and you can think of any sector, from renewables to agriculture to aquaculture - certainly, if you're looking at expanding and growing the industry, as you say, I don't know what more of an indicator there is than how many additional employees are added.

MR. ROBAR: Well, there are indicators because it could be competitiveness. In some instances it's more beneficial to have a smaller company that's more competitive, that will be there in the long term, employing maybe 90 people rather than 100 people.

MS. MCKENZIE: Given the shrinking demographic, that could be the case. The issue is that when we make investments, we always track what the job creation numbers are. The whole objective of jobsHere is to grow the prosperity of the province and opportunities. Lilani can describe how we track the jobs that are being created, but that we've also identified sectors for growth that isn't immediately tied to jobs. If we made investments in specific companies within those, we would track the jobs. Did you want to add anything?

MS. LILANI KUMARANAYAKE: I think one of the bases of jobsHere is an understanding that what's critical for long-term sustainability of the Nova Scotian economy is improvements in competitiveness. It's the productivity; it's allowing us and Nova Scotian businesses to be globally competitive, because it's taking a long-term perspective. We've talked about in jobsHere around the trends, around Nova Scotia being seventh in Canada, let's say, in terms of R & D expenditures by business, et cetera.

We're looking at a long-term structural change in the way that businesses respond to economic climates, to remaining globally competitive. When we're looking at measures and evaluation around jobsHere, we also want to capture those dimensions. While we have - and I can describe it in more detail - tracking around jobs supported by government programming, we're also developing measures around competitiveness, productivity, and internationalization of firms because it's a package.

As Marvin has described, there may be some trade-offs in terms of what you have to do to remain globally competitive. But it's also not just the number of jobs; it's the quality of the jobs. We're facing a dynamic where the skill sets, the requirements for knowledge are very different now than they were 20 years ago. That's the sort of broad vision for jobsHere and just because we don't have targets doesn't mean we track the information and have specific details. I think because it's a strategy that's designed to really almost turn a ship around in some ways, we're looking at a broad-based basket of measures to assess progress.

MS. MCKENZIE: Can I just get to your second question - the other one was should we be looking at the internationalization of firms at this particular time? Yes. We don't have a big enough market for Nova Scotia businesses to sell into; we have to look at internationalization.

Export Development Canada reported on something that kind of didn't get really picked up on, but we've moved from last in the region to first in the region in terms of exports and that is because we're working so diligently with businesses to link them into international markets. That's where their growth is going to come from and that's where we actually get the higher-value jobs that we're looking for.

We believe that Nova Scotia businesses must be more globally competitive and when we say global we're looking at selling into the Atlantic Region, selling into North America, selling into international markets, and we're having some success with that.

MR. MACLELLAN: I understand those points. With the exports, I guess my question surrounding that is, we've had 1.9 per cent growth provincially, economics, so we're the last in terms of provinces. I guess for me, is that why we're sort of stuck in the mud in terms of our GDP and in terms of our economic growth? Is it a challenge or is it an opportunity - back to Business 101 - which one is it? Are exports going to be one of those critical pieces or are we not ready for that yet, I guess is my question? That seems to be a common answer that, well, there's nothing we can do; it's outside of our control. If we're sort of delving into the export market and pushing hard from jobsHere, then that's what it has to be.

MS. MCKENZIE: Just a quick response to that. If we were just to say to Nova Scotia businesses look, go export more and just stand on the shore and look across to Europe and figure it out, that would not be actually building capacity in Nova Scotia businesses at all. What we're doing is actually understanding what the markets are that

Nova Scotia businesses have opportunities in and how we can strategically tie the trade missions to that. Then when we go in, what networks should we be plugging you into to be able to sell your products and services, becoming much more strategic in terms of where we're going as opposed to having a scattered shot. I think that's where we're going to start to see some of the returns. So it's recognizing what you're saying and then becoming as targeted as possible to make sure that we're expending the dollars in the best possible way.

MADAM CHAIRMAN: Thank you. We'll do a round two. Mr. d'Entremont.

HON. CHRISTOPHER D'ENTREMONT: Thank you so much for the presentation and for being here today. We hear a lot about jobsHere. Of course, the minister talks incessantly about it. When we ask these questions in the House of Assembly, he talks about the number of job losses being fictionally created. I'm just wondering, with the slide that you've got here, can you explain basically why we're seeing the decline in labour force? I mean losing 113,000 people out of our workforce by 2036 is substantial. Where are the people going? It's more than just an age issue; I think it's an out-migration issue. So I'm just wondering if you could speak to that quickly.

MS. MCKENZIE: I'm going to turn that back over to Lilani. Actually, in that case, it's primarily an aging issue; people are retiring. We can actually close that gap, if we address older workers. Nova Scotia tends to retire out earlier than a lot of the western provinces, and beginning to understand that a little bit better is something that we need to pay some attention to. There is the traditional ebb and flow of people moving in and out of the province playing a role in that.

MS. KUMARANAYAKE: The big red circle is where your numbers are coming from. It's the whole economy; it's around the number of people we have employed or are participating in the labour force. Part of that is the understanding that there is a large contextual factor. It is what is happening in Nova Scotia, it's what is happening abroad, it's what is happening in all the international markets. To some extent, those numbers, we won't shift them from month to month or almost from year to year. They are really reflective of underlying structural factors, whereas when we look at that yellow circle or the program measures, those are the results which are directly attributable to the programming and initiatives that are taken by the province.

Clearly, for example, when we talk about exports, we could do everything right in terms of setting up export programming, diversify our markets. We've had a traditional reliance on the U.S. but if our exchange rate goes up by 25 per cent, no matter what we do, we're not going to - there are certain things that are out of our control and we've seen that over the last few years especially.

So really, for Nova Scotians and Nova Scotian businesses, understanding there's a whole host of global factors that will affect us; we need to be responsive and flexible. We need to track them in terms of the measures that we're doing, but at the same time

understand what we can influence and not influence and be able to react and be proactive in trying to look at some of these trends that are coming.

MR. D'ENTREMONT: The second piece to that, if you go to the jobsHere achievements - and I think it's a good listing of all the great programs that have been created within the department or just from partnerships with folks - it looks like we've done a really good job of creating people and jobs within government, but there are really no job creation pieces that go along with this. Where are the jobs that have been created by government because of these wonderful programs?

MS. KUMARANAYAKE: As part of the work around jobsHere - because we knew someone was going to say, where are those jobs? It's in the title. Part of what we've been doing - and it's an interdepartmental team with the Department of Finance, ERDT, NSBI, Department of Labour and Advanced Education - is actually saying let's look at how to establish reliable indicators and measures that we can update regularly.

One of the things that we have been doing is, we've called "jobs counting" but really it's trying to say - starting from Marvyn's point - government doesn't create jobs unless we directly employ folks. It's really about, what are the results in terms of jobs that are supported or maintained through government programming? What we've done is developed a methodology where - and not all jobs are equal so we do a lot of work in terms of working with students and co-operative education. That's a different type of job versus the \$80,000-per-year financial services job that is created as well.

What we've done is created sort of four categories, which we've called - and we've done an analysis, so since June 2009 we have about 2,200 jobs for learning that have been supported by government programming; 350 jobs in terms of project support. Our program has supported the creation of between 1,900 and 3,000 new and future jobs. These are jobs in place for the first time or forecasted over the next five to six years. In addition, what has been particularly important over the last few years is that businesses are trying to ride out the economic storm and really hold onto the staff and employees they have, so government programming has contributed to supporting 3,800 jobs in terms of existing jobs.

What we have tried to do - and this is something we're just working on the first jobs report where we will be presenting these numbers and these measures and the methodology around that and we are updating them quarterly. So if you see that the minister mentions some of the numbers in the House, that is where the data was coming from.

The idea is that we will be doing that on a quarterly basis, updating. You probably won't believe it the first time, you might not believe it the second time, but as we keep doing it we have that transparency so that we've got to a point where folks know that these are reliable indicators.

MR. D'ENTREMONT: I'm just wondering, can there be a piece of work that can be done? Right now, since we don't have a full year of contacts for that kind of data

because all we've got to go with is what Statistics Canada provides us and Statistics Canada says that southwestern Nova Scotia has lost 1,200 jobs, 2,400 people have left the workforce, those kinds of numbers. That's what we've got to work with, whether an Opposition Party or the media or Nova Scotia, how does that compute with the work that you are doing, until you at least have a full year of data that we can actually go and say okay, there's the comparison that needs to be done?

MS. KUMARANAYAKE: That's what we're evolving to. Typically the Statistics Canada type numbers are that red circle; the numbers that I've been mentioning are sort of the blue and yellow circles. So what we'll be doing in that first report, just to lay it out - what I've been doing is . . .

MR. D'ENTREMONT: How do you match it up?

MS. KUMARANAYAKE: Yes.

MS. MCKENZIE: I think just to make it a little clearer, what the problem was when we started to look at this is that in the past we used to say 1,000 jobs created for three days would have been counted as 1,000 jobs created. So what we needed to do was actually say that's not 1,000 jobs created, that's . . .

MR. D'ENTREMONT: So many hours or whatever.

MS. MCKENZIE: That's so many hours and how it works out to FTEs. Or if you hired 300 co-op students, that's not 300 jobs, that's 300 jobs for learning. This is a major shift from the way that we used to count jobs, which is basically a rolled-up number which didn't give any insight into the actual numbers in terms of job creation.

As Lilani said, there are forces at work in the economy that are either taking jobs up or down. We're being very specific about working with understanding those at Statistics Canada but also understanding the programs and initiatives that we have in place, what have we been able to work with business to make those changes. When are we expecting the first quarterly report?

MS. KUMARANAYAKE: The numbers are available quarterly already. The first jobsHere report, I think it's probably due in February or March, but it will have these numbers and also the methodologies that we're using.

MADAM CHAIRMAN: Mr. MacKinnon.

MR. CLARRIE MACKINNON: Thank you very much, Madam Chairman. It's a pleasure having you here again. I would like to just talk for a couple of moments about setting of targets. To have the fixation on setting of targets I think is something that we could only really look at if we had a crystal ball of what was happening in the international

scene, if we had some kind of pulsing thousands and thousands of business entities in this province and so on.

What I'd like you to elaborate on for a couple of minutes, if you would, is in relation to the maintaining of jobs and perhaps the role that you're playing in the forestry strategy in relation to Bowater and NewPage. The scene changes from day to day. In rural Nova Scotia no one would have predicted that the cost of diesel would be what it is today and the impact on businesses, not just rural but urban as well, in relation to that factor alone. There are so many situations that life throws at us in the matter of a day, let alone predicting where we're going to be a year from now with a fixed target. I think it's almost a ridiculous thing to be asking. Talk about the maintenance of jobs, if you would, for a couple of moments.

MS. MCKENZIE: I'm going to ask Marvyn to speak specifically to our work with the forestry industry but thanks for the question.

The challenge is how do we grow the emerging industries in Nova Scotia at the same time as support our traditional resource industries, to actually make the change that's required? What you've actually seen, you see Bowater and NewPage go through the changes that they are currently experiencing, is businesses that are looking for ways to become more productive, more innovative and to deal with the workforce. So those three things that we've chosen for jobsHere apply as much to existing businesses, if not more, than to the new businesses that we're hoping to attract and grow.

In the case of Bowater, you might want to talk about how they had to innovate, become more competitive and to look at the workforce, because that was a major component of that.

MR. ROBAR: That's a good example of a case where government has interceded, not so much to create jobs but to maintain the jobs that currently exist. The pulp and paper industry in North America especially has gone through an incredible change. The demand for newsprint, for example, which Bowater produces and which NewPage produced - one of its lines has decreased 60 per cent. For example, Mr. d'Entremont is part of the problem with his iPad. (Laughter)

MR. D'ENTREMONT: Mr. Whynott as well. (Laughter)

MR. ROBAR: Yes. So it has been an incredible - it's really quite interesting to look at it, if you're not involved in the newsprint industry, to sit back and look at what has happened. It's a paradigm shift, what has happened, so there have been tremendous pressures on that market. Globally the market is still growing slowly, but in North America the market is virtually disappearing so companies have to undergo fundamental restructurings. The government has taken the approach that, you know, there's a huge economic impact to us involved with this. For example, in Bowater, over 2,200 people in the whole supply chain and it's a tremendous impact on the economy of southwestern

Nova Scotia. So government took the role to say, what can we help to do in helping you restructure your business?

There's still a market for newsprint and for supercalendered paper but what it has become now is, who's going to be the lowest-cost producer, and those people survive. So what you're seeing is the high-cost producers disappearing, closing down. What's happening, for example in Bowater, is there had to be a fundamental restructuring of all the variables of their production. There had to be a reduction in the workforce, there had to be reductions in power, all to get their costs down to a level where they could be satisfied that there was a reasonable prospect for the future because they were one of the low-cost competitors. In that case, the assistance the government provided was to preserve jobs and to assist the company in dropping their costs significantly.

MR. MACKINNON: Thank you. I'm looking for a few comments on the role that PIP is playing in this province, from LED lighting through to, I would say, almost 200 companies that have benefited from that program. I'm not sure of the exact number but fill us in a little bit there, if you would.

MR. ROBAR: Well, it has been very interesting with PIP. It started out as an initiative that had a 10 per cent credit and then moved to – we evaluated the results of the program. It wasn't being employed as much as we thought so we changed it to a 20 per cent credit, for a narrower group of industries, and also put in a training component through WIPSI, based on what we'd heard and I guess going back to one of our slides, we're learning to innovate and be competitive too.

The response to WIPSI has been incredible, so there was obviously a huge demand for training, both in large companies and in small companies. So the response has been - I think we're up around 400 applicants for WIPSI training. We've looked at being innovative, we looked at new delivery models; we've looked at not so much us delivering programs but funding organizations so that they can more effectively deliver the programs to their members, so it reaches a much broader area.

I think the program has been hugely successful, especially on the training side, where there has obviously been a huge, pent-up demand for workplace training.

MS. MCKENZIE: It was a direct response to the - really what we had was an old model and what we needed to do was move to a new model. What we had is most of our programming for training was to attach people to the labour market. The issue became actually the training needs to happen for the people who are in the labour market but the money we had wasn't for that group, so making it available under PIP, businesses have stepped forward to do training.

What we're discovering through the success of the program is that the money is good but it's not covering most of the costs of the training. What WIPSI did was teach businesses how to do training and that was actually a mysterious thing for them. So



engaging businesses in that process, they've stepped up big time, and it's an area that we really needed to improve in Nova Scotia and the program has been very successful.

MR. MACKINNON: One more, if I may. In relation to jobsHere and home-grown success, you've played a role there, as well, with innovation in agriculture and so on, which is very vital, I believe, to Nova Scotia to have innovation in agriculture and certainly the forestry and fishery and so on - a few comments on home-grown success.

MS. MCKENZIE: All of our natural resource sectors have had to look at where we need to be in the future. What does the future look like, we can't stay the same. In agriculture it has been one of the leading areas, actually, in terms of being able to take R & D and commercializing that and being able to move into the future. One of the areas I would point to is the wine industry in Nova Scotia. It has been growing very, very well. There has been a lot of research and development that has gone on associated with that, some of the regulatory barriers that are impeding the growth of the wine industry, some of the things that we need to look at into the future.

There are leaders in all of the sectors you've named that are really looking to the future and what the opportunities are and we're trying to support them with programming that can make sure they can get the capital they require and make sure they can get the training they require, looking at what their workforce needs are and then trying to line those up with the training institutions and also looking at what their R & D needs are and also, from an international perspective, what they need to be able to get their products into markets. That has been an area that we've been spending some time on.

MR. MACKINNON: Thank you very much.

MADAM CHAIRMAN: Thank you, Mr. MacKinnon. Ms. Raymond is next on my list.

MS. MICHELE RAYMOND: Thank you very much, Madam Chairman. I really appreciate your coming in, this is one of the things that crosses my consciousness all the time is the issue and the huge sometimes disconnect between education and jobs availability, so I'm very glad to see that we're looking at this.

One of the things that really interested me, you spoke of Nova Scotia having a fairly early retirement age, on average, and I've always been really puzzled by how we can have this huge discrepancy between our literacy rates in Nova Scotia - which I understand traditionally have been somewhat on the low side - with this very high post-secondary education achievement rate. So presumably there is some geographic and age gradient that we're looking at here which would be based on the natural resource industries.

The first thing I'm wondering about is whether you are able to measure education and exported education as a piece of the Nova Scotian productivity. You talked about other provinces' productivity rates once you strip out, for instance, a huge natural resource base.

Do you look at stripping out, say, education, which may have been imported from Nova Scotia to enable those productivity growths? Do you have an export measure for education?

MS. MCKENZIE: These are going to be things that cross my mind quite a bit, too, because you may know I'm going to become Deputy Minister of Labour and Advanced Education, so I'll be paying a lot more attention to those things into the future. In terms of our universities and in terms of exporting . . .

MS. RAYMOND: And community colleges too.

MS. MCKENZIE: Yes, our community colleges, as well - we work with EduNova in terms of exporting our training into other areas, and obviously importing students into our universities is also a big opportunity for us as well.

The quality of Nova Scotia education clearly sets up the opportunity for exports of our education products and services and we have schools in other countries - Abu Dhabi and others - and that's clearly something that we're paying some attention to. The international students are a big component, and I think you saw that in discussion in the memorandum of understanding. So there's the business side of education that we are paying attention to and, of course, working with our partners related to that.

Just to come to the other comment that you made with respect to literacy. I think there is something that we need to make sure that everybody understands. Our literacy rates are not necessarily tied to our aging demographic. They are actually tied to the fact that if all of us leave high school and don't continue to exercise our learning muscles, over the next year and two and 10, your literacy rates will drop off; that's what happens. If you don't use it, you lose it. What we need to make sure is that when we're discussing literacy rates, what we really need to understand is that we're talking about ongoing learning. Part of our effort in the Workforce Strategy is identifying the workplace as an important venue for learning. That's going to begin to address the "use it or lose it" issue by saying that all Nova Scotians need to be continuous learners. That is going to begin to address what some of our statistics look like.

MS. RAYMOND: I guess I had been under the impression that people were leaving school early and so on. You're talking about lost literacy as well.

MS. MCKENZIE: That's right. I have a high school diploma that says I can do math at a Grade 12 level. I think I can do some of the math at the Grade 12 level. (Interruptions) My son came home the other day and he was talking to me about logarithms and I said, oh, I think I hear the phone. So that is actually what we would categorize as a lost skill and if you were tested on it, if you said I'd rather not do that, I'd rather do this, you might show up as a Level II. I think we need to embrace the Level II in all of us and make sure that we're doing the learning constantly; that's part of our challenge.

MS. RAYMOND: Would I be right in understanding - before I ask my second question - that there's not really a way of measuring the value of education exported in terms of productivity?

MS. MCKENZIE: Oh yes, we do have - I don't have those statistics here, but it is absolutely measured.

MS. RAYMOND: The other thing that I was wondering about - actually leading into what you said about literacy and lost literacy - is prior learning assessment. I understand there may be some work going on with that and I'm wondering if you could elaborate a little bit on that.

MS. MCKENZIE: Prior learning assessment can be categorized in two areas; prior learning assessment in terms of "I can demonstrate that I have this skill," so for instance in the case of somebody who is interested in becoming an apprentice or a journeyman - and I'll give my husband as an example of this. He worked as a carman for years with the railway, welded all that time, could demonstrate his welding skills, and if you had prior learning assessment you would be able to be given a classification within the welding trade. So there's prior learning assessment in terms of demonstrated skills; there is also, within prior learning assessment, looking at foreign credential assessment and recognition which is also, for newcomers to the province, being able to recognize the credentials that they have.

So we are under the Workforce Strategy looking at prior learning assessment as a way for Nova Scotians to demonstrate the skills that they have and then get perhaps advanced standing, if they're moving into a community college program or looking at getting certification in a particular trade. We're looking at foreign credential assessment recognition as a way to ensure that newcomers are able to move more quickly into the workforce and also looking at prior learning assessment as ways of demonstrating that within the provincial Public Service so that we're walking the talk as well.

MS. RAYMOND: So that's within the time that's on the horizon?

MS. MCKENZIE: It's part of our Workforce Strategy.

MS. RAYMOND: Great, thank you very much.

MADAM CHAIRMAN: Mr. Colwell.

HON. KEITH COLWELL: I know you have a very difficult job growing the economy and creating new jobs in Nova Scotia, especially with the downturn in the global economy, but I think we're at a big disadvantage here in Nova Scotia over a lot of other areas. We have the highest personal income taxes probably in the country and if an entrepreneur is going to come here - an entrepreneur can be very mobile these days. It's not like at one time we would sort of grow up in Dartmouth, live in Dartmouth, die in

Dartmouth, and you set your business up in Dartmouth because you liked it there. Today people move where the opportunities are and where they can make money.

Then, you tie that into the extreme high property taxes that are here in HRM, the fuel costs which my colleague already talked about. You're looking at a fuel cost here of \$1.28. I saw this morning on the way in, equivalent to the U.S. about 84 cents per litre; all the fees that the government has increased recently and the fees we previously had as well, power rates - probably the highest power rates in the whole country now if we're not higher.

You look at any business that needs to use fuel or power or anything like that, you simply can't be competitive here anymore, you just can't be, there's just no way. Look at the Moir's candy factory from Dartmouth, they just packed up and went to Mexico because their taxes were lower. There used to be one time that the training was better here - and that's not the case anymore - the training is probably better in most countries in the world as we know it than it is here in Nova Scotia.

To set up a business, you have to set up the business environment; you have to have the tools in place for business to operate. They have to have a skilled workforce; they have to have cheap operating costs because if you don't, whoever has the cheapest ones could be more competitive. How do you get around those things? You have talked about all these nice charts and everything, you've got all these great things and I want to talk about education here too. How do you get around those things? Those are major obstacles that you can't fix through the Department of Economic and Rural Development and Tourism. How do you fix that? How do you contend with that? How do you go to an entrepreneur who says I'm going to set up a manufacturing facility, why is it better to come here? How do you tackle that?

MS. MCKENZIE: I'm going to ask Marvyn to respond to that. I am going to just make a couple of comments first though. From a global perspective we are competitive in terms of our electric rates with Europe and certainly with Germany, who's having no difficulty with their economy. Businesses look at sets of complex things when they decide where they're going to settle and actually, our workforce in Nova Scotia is extremely attractive to businesses that are thinking about settling here. Certainly, the Michelins of the world have chosen to reinvest time and again in Nova Scotia because they believe that they're in the right environment for them.

We do have businesses that are choosing to invest in Nova Scotia and come to Nova Scotia and Nova Scotia businesses that are choosing to grow. Obviously, looking at demand-side management from an electricity perspective is important to businesses and we're looking at that through working with Canadian manufacturers on the LEAN program, which is teaching businesses to be energy efficient, helping businesses understand what their human resource needs are, and to be efficient with respect to that; we are addressing those things.

I know that you've told me before where businesses are talking to you about investment here, that they've chosen us for a number of different reasons.

MR. ROBAR: Yes, well it's interesting that you mention that because Donald Savoie asked me that question when I gave a presentation to him. He asked me, what about taxes? I answered that in my 25 years no business has ever asked me about taxes, which surprised him. That hasn't come up.

I think, not to be an apologist for the Nova Scotia tax rates, but I think if you look at the tax rates it makes a nice headline to say we're the highest but if we're, let's say, at 100, there's a whole bunch of other provinces that are in there at 98, 99, 97. So just another anecdote, speaking recently with Michelin, they surprised me by saying that looking at it in the long-term, Nova Scotia's tax rate is better than some of the locations we have in the U.S.

I think everybody would like to see taxes lower but that never seems to have been a significant impediment for investment here. What companies usually are after is labour supply - do they have the labour supply, do they have the transportation infrastructure? Then finally, when they get down to make the decision, is there some sort of government incentive or government financing or something to help them with the capital cost of the investment? That has been my experience.

MR. COLWELL: You talk about this Workplace Innovation and Productivity Skills Incentive, and you've got 6,288 participants. I think that's a really good program, it appears to be a really good program.

I think it goes back, too, to the fact that I found that the community colleges do a good job in some areas and in other areas they don't do a good enough job, they've really cut back over the years on the level at which they'll train their tradespeople, for instance. They assume people can learn something in two weeks and it really takes a year to learn it, and to learn it properly so you can go right to the workforce and be productive. Today businesses can't afford to retrain people on-site, unless they absolutely have no choice.

I think it also goes back to Grade 12, you talk about Grade 12 and a lot of people coming out of Grade 12 today are functionally illiterate. That's got to be a big deterrent for businesses once they realize that. I mean a company coming here doesn't know that, not likely. It does become a really serious issue. That, from the economic development standpoint, is very, very important. I mean you've got to have people who can read and write and do some basic math skills, to hold any type of a job.

How do you approach that? How do you work with the Department of Education or the new department you're going to go to, as deputy minister, how do you address that? This is a long-standing problem with Nova Scotia.

MS. MCKENZIE: I'm not going to address the public education system; I think you can bring someone in for that. I can say that Nova Scotia Community College sees itself as - in fact, it is - the legislated training arm of the Province of Nova Scotia and tied very closely to advancing the workforce goals of the province. Therefore, for the first time, the co-leads on the Workforce Strategy are Labour and Advanced Education, and Economic and Rural Development and Tourism.

The notion is that Economic and Rural Development and Tourism generates the economic opportunities, and Labour and Advanced Education trains for them. So the Nova Scotia Community College will be an extremely important partner into the future, as will the universities, but the major learning place for Nova Scotians is in the workplace and identifying that through PIP that you mentioned, the WIPSI program, is where we're actually saying we need to work with employers to make sure that Nova Scotians aren't losing their skills because they're at work, that they have opportunities to grow their skills while they are there - not only that they have the opportunities to grow their reading, writing and math skills, but also to be able to grow their skills that they are going to need to be successful in the job when it morphs in five years and in 10 years. Those are the big areas of focus that we have with the Workforce Strategy and we need that more than ever because of our demographic challenge.

MR. COLWELL: Yes, it's very difficult because it's very expensive for business to train people because they need people who can produce the day they hire them, although it may be at a lower level than some other employees that they have who have many years of experience and to train them is very difficult. When you say that the businesses train on-site, that's fine, but it ties up not only that individual who is not producing, it ties up the individuals who are trying to teach them on the job, which lowers the productivity of two people instead of one or maybe three people instead of one, so it's very difficult. I really think the schools should go back - I'm not saying anything negative against the community colleges because I think they do quite a good job, but it needs to be improved. You can always improve in what you're training people.

It would be ideal if when someone comes out of the community college, they're at least at a productivity level that the company can start making money with that individual immediately, although it may not be as much money as they can make with somebody who has been there for awhile and understands the system, which is rightfully so, but if they come in and they can't do anything that is productive - I've had first-hand experience with this. I'm not just talking about this out of the blue. You've got to be able to have people trained to at least that level.

They've taken some of these programs which used to be three- or four-year programs - in Europe they're eight- and 10-year programs - and watered them down to one year. There's no way, no matter how smart somebody is and how hard they work in school that they can get to the level of somebody who has been trained for three or four years, or five or six years, whatever the case may be. Although that may be in co-operation with the community college and maybe it will work if it is the right environment that is there at

work to do that. How do you tackle that? That has to be changed because that is one of the resources we have here.

One thing that people like about Nova Scotians is that Nova Scotians are hard workers. If you go to Alberta and say you're from Nova Scotia, they'll hire you on the spot. It's just that simple. How do we turn that work ethic and put the education together with it so when they come to Nova Scotia businesses, so Nova Scotia business can be competitive and don't lose that employee - the smart employee, the employee that can really produce - to someplace else in Canada or somewhere else?

MS. MCKENZIE: I'm going to take some of your advice for when I move to the new department. I'd just like to comment that the Nova Scotia Community College has a hiring rate of between 80 per cent to 90 per cent in your field of study, so that is a great connect right into Nova Scotia for the graduates of the community college and for the rest, I expect I'll be back here at some point answering the question from that department.

MR. COLWELL: The only trouble is the 90 per cent employment rate. I've asked this question of the CEO of the Nova Scotia Community College one time, do you track it? The answer was no.

MS. MCKENZIE: Yes, we do track it.

MR. COLWELL: Well, it's something new then because it was only for three months or something they track it and that's it. Three months isn't long enough; you have to track it for a couple of years. How long is it tracked for now?

MS. MCKENZIE: We have graduate follow-up surveys. I'll need to get more information when I go to the department on that, but there are graduate follow-up surveys for the community college.

MR. COLWELL: It used to be maximum three months, and three months isn't long enough. Sometimes it takes that long to figure out if an employee fits into a company or if, indeed, they're producing what they say they produce, unless you've got a very comprehensive job cost system in place that you can track things very quickly. Ninety-nine per cent of Nova Scotia businesses don't have that, so they have to find out the hard way and, unfortunately, the hard way means their bottom line gets hurt before they realize it's being hurt.

MADAM CHAIRMAN: Thank you, Mr. Colwell. You can get in the second round if you have more questions. Ms. Zann.

MS. LENORE ZANN: On that note, I'm going to change gears a little bit here. I would like to talk about a few things and hear what you're working on. With regard to our Immigration Strategy, you look at those numbers of how many people are going to be

going out of the workforce and yet there is a cap on how many immigrants we're allowed to have. I think they went up from 250 to 500, did it?

MS. MCKENZIE: It's too low.

MS. ZANN: Yes, it's way too low. Now, Manitoba has, what, 5,000 they're allowed?

MS. MCKENZIE: No, 10,000.

MS. ZANN: How do we talk the federal government into letting us have more immigrants in Nova Scotia?

MS. MCKENZIE: Well, that's a major focus. Clearly those targets were set at a time when the West was able to jump on that bandwagon and Nova Scotia came in a little bit later when the caps were on. Unfortunately, they're quite uneven across the country and the federal government just expressed an interest in maintaining the caps where they currently are and it is not a positive thing for the province, so that is going to be a subject for further discussion into the future. Certainly, we're hitting that cap now, that's a ceiling, and what we would like to do is work with our Atlantic partners to see if there's an opportunity to use some of their space if they're not using it.

MS. ZANN: Do you have somebody in particular who does that? Is there somebody assigned to that particular job of trying to work with the federal government?

MS. MCKENZIE: Our Intergovernmental Affairs is very aware of the fact that we believe that the cap is unfair for Nova Scotia. Our Immigration Division of the Labour and Advanced Education Department, obviously that's an area that they're paying attention to as well. It is something that we've had conversation at the Council of Atlantic Premiers in terms of what some of the things are that this area can do to address some of those challenges.

MS. ZANN: That's good. Also, I've heard that some employers are concerned that there are perhaps not enough math skills - speaking of math - here in Nova Scotia, that perhaps they will be needing to rely on people from outside of the country even to come to try to do some of the jobs, the knowledge-based economy of the 21<sup>st</sup> Century, the skills that are required. Obviously there are many people in many other countries that are already there at that level that they'd like to be able to hire. Are you taking that into consideration as well?

MS. MCKENZIE: I think what we have is a great stream of people who are being graduated through the community college and through the universities - what they need is experience. Sometimes they get the experience in different countries, perhaps they get it here. What we want is for people to gain the experience and then be available and when we have to get that experience from other countries, we're looking at something we call a



highly-qualified person to work with businesses to identify exactly what they want. So there are very specific types of skills that people may need and we work with them to identify what those skills are. You wouldn't necessarily graduate a person at that level; they may have to find them through an immigration line. What would be a problem is if we keep hitting that cap.

MS. ZANN: There are a couple of other things I wanted to talk about too - diversity. So we know we need more diversity in the workplace and as it says in jobsHere, "Some groups are under-represented in the workforce." Those would be African Nova Scotians, persons with disabilities, Aboriginal, Acadian and I would also like to suggest women in certain traditionally male-dominated fields as well. It says, "Not only does that limit economic opportunities for those Nova Scotians, but our workplaces have not benefited from the skill and experience that a diverse workforce builds." What are we doing to try to change that?

MS. MCKENZIE: The Workforce Strategy lays out the steps we're interested in pursuing with respect to bringing all groups into the Nova Scotia workforce. Certainly, with the challenges we have lying ahead of us, we can't afford to have untapped workforce potential in the province. What you'll see is we've been working with the round tables on the economy with the various groups that you've identified to see what the best ways are to be able to advance the interests of each group, and they're not all the same. There are tables for persons with disabilities, the African Nova Scotia community, the Aboriginal community and others. Part of that is working with businesses for them to be more open to and receive the supports they require to be able to have people transition into the workforce, and that's part of the Workforce Strategy as well.

MS. ZANN: Because I know, for instance, in Truro a number of friends, people that I know in the African Nova Scotia community have expressed concern that their children, and themselves, still have trouble getting jobs today. They say that a lot of people, they get the resumé, they see the name Jones or Borden or one of the traditionally African Nova Scotia names and they don't get called in for an interview. There has been a lot of frustration expressed to me about that, also even with government jobs, which is why I've also been trying to work with the idea of growing our diversity within government departments, which I think is so important. Having been outside of the province for many years working and then coming back home, I have noticed that it is a long process but we do need to keep working on the whole idea of diversity and having more diversity within workplaces, and it's a struggle.

I would imagine that education will also play a large part in that, with the province. That's one thing that I think we really need to focus on a lot more here because as we know, in the next several years the largest demographic of young people in the province, from the age of 17 to 28 years, is actually going to be First Nations. I believe that is a hugely untapped resource right there.

The other thing I think we've been underutilizing for years here in Nova Scotia - as I always like to say, we're blessed with a natural resource that's clean, green, renewable and constantly sustainable - is the talent and creativity of its people; also our stories, also our history. I think that ties in with tourism and with really high-paying jobs, so I'm really pleased that we changed the film and television tax credit - of course I helped work on that but I think we can do more. The statistics from 2003 are showing that more than 12,000 Nova Scotians are directly employed in this sector. I'd like to see some more recent statistics on that, do you know if there are any yet?

MS. MCKENZIE: We're in the process right now of looking at the creative economy in a more specific way, partnering with the Department of Communities, Culture and Heritage on that as well. That's something that over the next year we'll be paying more attention to. I'm not sure if we have more updated statistics than that, but that's an area that we're paying attention to into the future.

MS. ZANN: That's good. It says here, "The government will take steps to better understand the magnitude of the contribution and, more importantly, to determine the most efficient way to help it grow." Again, has anybody actually been doing that yet? Is anybody assigned to that?

MS. MCKENZIE: We actually have people assigned inside the department to look at the creative economy. We're working with Communities, Culture and Heritage, and Policy and Priorities, and we have had our first consultations related to that.

MS. KUMARANAYAKE: We've presented on jobsHere to the Creative Nova Scotia Leadership Council. What is interesting is it resonates when you start to talk about, oh, we don't have the skills, we're looking at productivity, competitiveness; we want to be able to sell our product or service around the world. That's the same for us.

What was really interesting as an outcome of that presentation is they're very much interested in doing - we've talked about the sector studies for some of the oceans and finance. They said, actually we'd like to use those methods for our sector, so that's something they want to explore, to get that sort of same in-depth sense of what's happening and what are the possible opportunities.

MS. ZANN: That's good, I'm glad to hear that. I know a lot of creative people are creative but they also need to have some managerial skills and some business skills on how to sell their products, which is why I think the music sector has done so well, because there's a music industry and a lot of people have focused on the industry part of it.

The kernel of the creativity, the creators themselves, might not necessarily be the best ones to sell their product so they are going to need help with that. I think that anything we can do to tie the two sectors together will be really helpful. I'll look forward to hearing more from the departments about that. Thank you very much.

MADAM CHAIRMAN: Mr. d'Entremont.

MR. D'ENTREMONT: Just a quick question around that because you alluded that you are heading off to Labour and Advanced Education. I'm just wondering when the new deputy for Economic and Rural Development and Tourism is coming. We've been through a tough time and I want to thank you for the work that you've done but, of course, we are in that tough time so it's good to see some continuity and maybe a new person coming in. I'm just wondering, do we know who that person is yet? When does the move happen?

MS. MCKENZIE: I would not be able to say that.

MR. D'ENTREMONT: I can't wait though. (Laughter)

MS. MCKENZIE: I can say that my own minister has said that my farewell has taken longer than Michael Jordan's farewell tour. (Laughter) Cher, that's right. I expect that to happen in the not-too-distant future.

MR. D'ENTREMONT: The final question is, jobsHere - to us anyway - has been less of a strategy but more of a marketing plan. I'm just wondering how much money has been spent on the marketing of jobsHere from a communications standpoint. We have lovely, glossy books; we have had great advertisements on paper, in the news, on the radio, on TV. I'm just wondering if you could maybe give us a breakdown of how much jobsHere has cost us from a marketing standpoint.

MS. MCKENZIE: I will not be able to provide that because that is coordinated through Communications Nova Scotia - I could get that information. Our focus is on the strategy and that's what we tried to convey here today, is the actual action that we're taking under the strategy, so we will get the information on how it is being communicated as well.

MADAM CHAIRMAN: Mr. Colwell.

MR. COLWELL: My colleague from Truro hit on a very important topic - local people not being able to get positions in Nova Scotia. This probably is going to go to your new job more than the present job, but I have a very high unemployment rate in the Black community in my riding and it goes back to education; a very hard-working, intelligent group of workers that have been left behind because they couldn't qualify under the trades because they have never been able to go to school to get the trades training they should have.

I know there are some incentives in place and I'm just going to leave this with you because I don't think you can really answer this. There has got to be some kind of system to really address these people - and not just in the Black community, but all the different communities. I have many people that, for instance, may be working for a backyard mechanic actually getting paid minimum wage, been doing this for probably 20 years, have no papers; they can do the basic things, they can actually do all the work, but they have no

qualifications to do it so they can't go work for a car dealership and make \$25 per hour so they're making minimum wage or below. There has to be a way to train those individuals to make sure that they can do that.

We have very highly-skilled stonemasons that work for minimum wage; work for three or four months of the year that could be in the bricklayers' union and make \$25 or \$30 per hour. Imagine what economic impact it would be to that family if they had that difference, but the training is not structured to help these people, it's not structured to do it. I think a lot of the problems we're having with a reducing workforce could be addressed by simply training these people and making sure they get the qualifications they need - because they can already do the work - so they can get a higher-paid job and, indeed, help the economy in their local community, because then they would hire someone else to do some work on their home or whatever they can't do themselves and maybe they could afford to send their children to university, whatever the case might be.

That is a very serious issue and until that is addressed we're not going to see our short-come in qualified people change, and it isn't changing. The system is letting the communities down. When I talk about high school - people coming out functionally illiterate, that's really happening because if you go to school a very limited number of days, you'll graduate with a Grade 12 certificate. That's the way it is and it has got to stop. The people who need help have to get the help so they can graduate.

Some of the business people I have dealt with over the years never finished Grade 12, but they're very successful business people because they know how to do it, but if you give them the proper education and help them along the way when they get into business, all of a sudden being extremely productive people, entrepreneurs, that will help the economy grow. We really have to look at that sector of our population that has the ability, but doesn't have the tools to move forward.

I think that my colleague from Truro has the same problem I have. There are some other issues when people apply, still those issues unfortunately on their resumé's, but if you give them the skills, they'll get those jobs and they will maintain them and they will grow in organizations. That is something that really has to be addressed and it has to be addressed immediately. We're talking about bringing immigrants to do these jobs and we've got people here to do them if they're trained. We have really high unemployment rates in some areas of this province and in this municipality.

These are things that I think would help business, it would help our economy grow, and it would also help families and eliminate a lot of the difficulties that I see every day in my community that have to be addressed. It all goes back to economic development: we can't have economic development if we don't have the people in place to make the economy grow and we need that, and you've already identified that as one of the key things we have.

Everybody talks about immigration as saving everything. Immigration is a very good thing, but when I was in the trades I was very lucky to work under some people who were from Europe in the trade I was in. They were so far advanced over anything I had seen with their skills in Nova Scotia that it was incredible, but their apprenticeship was eight years long and it really paid off, it showed in the skill level that they had. So those are the things that we really have to look at.

If we get highly skilled people here, then businesses will come because of those people. It's very difficult to compete in Nova Scotia. Mr. Robar indicated nobody talks about taxes, they don't talk about it, but the reality is it is a deterrent for business - maybe not for large business because they don't pay tax anyway, they have enough accountants and systems in place that they don't even pay any tax - they can make a lot of money, but they don't pay any tax.

When you get through the whole structure of this, we have an excellent workforce in this province, probably one of the best workforces anywhere in Canada. We're slack on the training and I really believe that's a serious, serious issue and you've already identified that with some of the programs you've put in place. We have to go and we have to look at that. Business comes to an area because of the environment, the tax structure, a nice place to live - and Nova Scotia is a wonderful place to live - the people they can employ, the geographic location. We have good geographic location between Europe, the U.S. and the big markets there. There are a lot of very positive things for Nova Scotia, but we're missing the mark.

We've seen by Statistics Canada a substantial number of job losses in Nova Scotia and we've seen a lot of people leaving the workforce. Are they going to Alberta - probably - or are they going someplace else to work? When you see that happening, it makes you ask the question why - why aren't we doing more and more? I keep saying this and I get into trouble every time I say it, nobody in this room right here today is adding anything to the economy, nobody, not a single person in this room is adding anything to the economy. We're recirculating dollars that are generated by outside industries; outside industries that export or replace an import add to the economy every day.

The jobs that are done by the people here are very important, but the thing is we don't add to the economy. If you look at the number of people who work for government, for semi-government, whatever you want to call it - and I believe the number is 43 per cent of our total workforce now - it's out of proportion of where we should be. We should be a much lower number than that and more people working in industry. How do you address those things to make Nova Scotia a place to come, that businesses want to come and set up here, to make entrepreneurs want to stay in Nova Scotia?

You look at tax structures. I looked one time at setting up a business in the U.S. For what I paid in property tax on my building I could have bought a new building and had it free in the U.S.

MADAM CHAIRMAN: Mr. Colwell, I'm just mining for a question here.

MR. COLWELL: I'm actually asking these questions, but . . .

MADAM CHAIRMAN: Let's stop at one and then we can get an answer. Which one would you like to push?

MR. COLWELL: Whichever one you want to answer.

MADAM CHAIRMAN: It's totally up to you, you have the floor, but I'm really looking for a question and then we can go on to Mr. MacLellan.

MR. COLWELL: Okay. What have we done to really improve the business environment in Nova Scotia that would encourage somebody to come to Nova Scotia and set up business here, to the overall environment?

MS. MCKENZIE: To the overall environment, we believe that we have worked through jobsHere to create an environment that allows businesses to be more productive, more competitive, more international, and to invest in the workforce; we believe those are key. We believe that they are both an attraction set of tools and a retention set of tools. We've laid out the programs and services that the government has grouped under jobsHere, to be able to achieve those goals. I think some of the things that you mentioned earlier, I have to be careful not to respond for another department with respect to the education pieces. We believe, and we've done the research, that the programs and services under jobsHere, if you address productivity, competitiveness and workforce issues, that's what we need to do and that's what we're addressing.

MADAM CHAIRMAN: Mr. MacLellan.

MR. MACLELLAN: I have just a quick one and it stems from a comment from my former friend from Pictou East (Laughter) He's still my friend, he's still my friend. (Interruptions) I want to say, and again this is a philosophical thing, I guess - well, maybe not so much - but for me I want to ask about the targets. I have a business education, I have experience in the private sector, so I've seen this stuff and I believe it. Maybe I'm totally off but I believe there is a systematic way that if you are investing taxpayers' dollars, then it comes back to there's a range. I've never said at any point that it's 2,214. I don't say a job target; I say targets as in a range. So when your investment sectors - I won't run through all of that again - I truly believe that this is what may be lacking in some of these investments, in some of these strategies.

I want to know once and for all, so I can ask the question and then put it to rest and I won't mention it again - well, you won't hear it again anyway, Sandra, you are moving on - but for the department is it ridiculous to suggest that we should have job targets for this magnitude of money that we're investing in this province?

MS. MCKENZIE: I'm not going to say anything is ridiculous. What I am going to say is that we have made a deliberate decision to focus on the overall goals and not create targets and we have not done that. However, we measure potential jobs to be created, or learning opportunities to be created, or jobs retained, with every investment we make. I understand that you find that answer frustrating.

MR. ROBAR: Maybe I could add - you know I've been thinking about your question and when you look at a job, I mean a job is a culmination of a whole bunch of activities, so if you are going to set targets, you could say, okay, my target will be to contact 100 companies this year to see if I can do anything to promote jobs.

MS. MCKENZIE: And we set those targets also.

MR. ROBAR: So I can do that, that's no problem because that's easily measurable - I get on the phone and make 100 phone calls. But whether that will result in X number of jobs or Y number of jobs, that's completely unmeasurable. Do you see what I'm saying?

MR. MACLELLAN: I do, it's just for me - and we've had this conversation before, - with, say DSME, with the Lower Churchill, with the ships project, there are very specific ranges of jobs and no one says for sure that it's going to be 12,500, but there's a range that has been established that is in the public, that's that number. They are targets and that's a range so as an overall strategy, why can't we establish the same types of targets?

Secondly, and I know the education piece is important, it's critical, but what I'm sort of focusing on is the investment side. When a business structures their plan for start-up, expansion, what have you, the biggest portion of their cost is their human resources, the salaries. So again, when you're looking at developing a plan, part of your cost structure is specifically - or not specifically down to the number but a range of well, if we perform this good and we made this many advances in terms of our market, then we're going to expand and we're going to need this many people.

I just can't get around the fact that when we're investing those kinds of dollars we can't at least come up with a range and if you hit and miss the range, there's an explanation. If you hit that range, there's an explanation; if you don't hit the range, there's an explanation - well, there was a downturn in aquaculture so we didn't exactly hit, the companies we invested in didn't expand to the extent we thought they would. That's a fair explanation.

Again, when you talk about the exports and in your example about, well, we don't put them ashore and say look abroad and just sell, I guarantee that no private-sector investor who is looking abroad has that strategy of let's just hope it works out. It's very structured, very measured, very detailed and I think that part of that detail would certainly be their workforce.

MS. MCKENZIE: Irving was able to create that because we knew exactly what they were going to have to produce. To get to your point, when we say we want to work with the oceans industries, there are 400 different types of businesses in there and to be able to say we're going to grow acoustics by 30 people and overall we hope it adds up to this, I suppose it could be done; I'm not sure to what end. The objective really is to work with the businesses to make sure that they have what they need in place to be able to do their growth. You're right in that we haven't done that and I know that's an area that you have a great deal of interest in. Again, I'm going to come back to that every investment we make we do pay attention to.

MADAM CHAIRMAN: Are there any more questions? Would you like to sum up your presentation?

MS. MCKENZIE: We appreciate being here today. We're actually really pleased with the results that have emerged from jobsHere. It has been a departure in terms of this strategy, in terms of being very concrete in terms of the things that we were going to do, as opposed to having a 20-year vision of prosperity and hoping that we hit it. We're now very much engaged in the next set of things that we need to do to build on the foundation that is currently in place. The comments that have been made here today, of course, we'll take into consideration as we put those plans together. So thank you very much.

MADAM CHAIRMAN: Thank you. It was a wonderful presentation and I think we certainly understand jobsHere a lot better.

MS. MCKENZIE: I'll drop back and talk about education.

MADAM CHAIRMAN: We'll allow our presenters to go. We have a little bit of business to discuss so we'll just adjourn for a minute or two.

[10:42 a.m. The committee recessed.]

[10:43 a.m. The committee reconvened]

MADAM CHAIRMAN: Just a few things about our next meeting. Our next meeting is February 14<sup>th</sup> and we're meeting with the Department of Economic and Rural Development and Tourism. We'll be talking about PIP, which will be really interesting and I think that will continue the conversation that we've had today. We have a couple of glitches that we just need to have a quick decision on for March and April. Our next meeting is during March break, so we're proposing that instead of the 13<sup>th</sup>, it's the 20<sup>th</sup>. Does that work?

MS. ZANN: Say that again?

MADAM CHAIRMAN: Our next meeting after February is in March break, the 13<sup>th</sup>, so can we do the following Tuesday instead? Okay, fine.



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Then in April, we're just after the Easter weekend and a lot of people go away that weekend. What is the feeling about having that, instead of the 10<sup>th</sup>, we go the 17<sup>th</sup>? (Interruptions) Okay.

Thank you very much. The meeting is adjourned.

[The committee adjourned at 10:44 a.m.]