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**COMMITTEE**

**ON**

**ECONOMIC DEVELOPMENT**

**Thursday, March 6, 2014**

**RED CHAMBER**

**Nova Scotia Commission on Building Our New Economy**

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**ECONOMIC DEVELOPMENT COMMITTEE**

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Ms. Lenore Zann

[Mr. Gordon Wilson was replaced by Ms. Patricia Arab]

**WITNESS**

**Nova Scotia Commission on Building Our New Economy**

Mr. Ray Ivany  
Commission Chairman and President of Acadia University

In Attendance:

Mrs. Darlene Henry  
Legislative Committee Clerk

**HALIFAX, THURSDAY, MARCH 6, 2014**

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

9:30 A.M.

CHAIRMAN  
Mr. Joachim Stroink

MR. CHAIRMAN: I call this meeting to order, good morning. I'd like to remind those in attendance to please turn off your phones. I will now ask the members of the committee to please introduce themselves.

[The committee members introduced themselves.]

MR. CHAIRMAN: Today we have the following item on the agenda, the discussion of the report *Now or Never: An Urgent Call to Action for Nova Scotians*. Our witness is Mr. Ray Ivany, the chairman of the commission and president of Acadia University. Good morning, Mr. Ivany. You may begin. Sorry, yes, Ms. Peterson-Rafuse.

HON. DENISE PETERSON-RAFUSE: Thank you very much. I'm sorry to interrupt but I would like to introduce a motion to the committee this morning if I may, please.

MR. CHAIRMAN: We can do that afterwards. We can start this meeting.

MS. PETERSON-RAFUSE: I think it's a very valid motion and it's in relation to our presentation today and issues that we're dealing with.

MR. CHAIRMAN: Fine, please put it forward.

MS. PETERSON-RAFUSE: Thank you very much, Mr. Chairman. I just want to start by saying that I do understand that several members of the government will be visiting the Pictou area tomorrow, with respect to the layoffs at Michelin, which I was somewhat concerned wouldn't happen when I proposed this idea earlier this week, so I'm very pleased to hear that government members will be going to Pictou.

However, it's also very important that the community groups have an opportunity to sit down with members of government and work on a plan to overcome the loss of jobs that were just announced at Michelin. That being said, I still think this Committee on Economic Development has a very important role to play in that process, due to the fact and on the heels that the theme of the Ivany report that talks about non-partisan coming together and working all levels of Parties within the province.

I'd like to introduce a motion that we hold an emergency meeting next week on the topic of job creation in Pictou County; 500 jobs were just lost in that region and it is expected of us to help replace those jobs as quickly as possible, so hence an emergency meeting.

Ideally the meeting should be held in Pictou County. I think there has been a precedent already set in this House when it held a Veterans Affairs Committee meeting in Sydney a few weeks ago as an emergency meeting.

I'd also like to invite the Department of Economic and Rural Development and Tourism to present at this emergency meeting next week to discuss any current proposals they are now evaluating to help create and maintain good jobs in that part of the province. Thank you, Mr. Chairman.

MR. CHAIRMAN: Is there any discussion on this motion? Does anybody have any further comments? No - okay, we can now vote on this motion.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: If I may follow up, since the motion has been denied to go to Pictou County on an emergency basis, as I indicated, then I think it's important that we raise this issue again, and for our next Economic Development Committee meeting to invite the Department of Economic and Rural Development and Tourism to be here to discuss job creation strategies and plans that are taking place in Pictou County.

MR. CHAIRMAN: May I speak for a moment, Ms. Peterson-Rafuse? I was going to bring this up at the end, but I'll bring it forward now since you brought this forward. After the report today, next week I would like to have an agenda-setting meeting based on

these reports. You could bring that forward at that time and we can put that on the calendar for discussion.

MS. PETERSON-RAFUSE: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Ivany, off to you.

MR. RAY IVANY: Thank you, it's a privilege and an honour to be meeting with you today. I thought, if it works, Mr. Chairman, that I would provide sort of a brief overview of the issues that I think are perhaps most significant in the report and then I'll pass it back to you for the discussion.

I think the most helpful way for me to get the conversation started is to just speak on behalf of my fellow commissioners and describe the personal journey in some ways that we've been on as we went through this work on behalf of Nova Scotians. There are a couple of elements that I said at the launch that I think need to remain firmly bolted together. I realize that oftentimes the discussion will focus on one piece or another. I'll do today what I've been trying to do consistently since we launched the report, which is to keep arguing to have them linked together. Let me describe those pieces and why I think they've got to be absolutely welded tightly together.

The first is - and obviously the nature of public discourse is that this is the one that has garnered the most attention - there's no way to overstate the seriousness of the current situation, by our analysis. That's why we spent the time in the report on the front end doing a bit of an historical sweep and trying to place the current environment in the context of where we've been as a province, but this combination - and it is sort of a unique combination - not affecting only Nova Scotia, but the way that our demography and our economic capacity is currently sort of interacting is what fundamentally places us at peril.

Each of you knows this from your own constituencies. It varies somewhat around the province, as we noted in the report, but the reality is it has become the norm. The demography - and every jurisdiction in the western world that had a baby boom post the Second World War is experiencing some version of what we're going through - and that is an aging of the population. David Foot, the Canadian demographer is quite famous for pointing out to all of us - why are we so surprised that people get one year older a year at a time? But when you aggregate that across a population, again, other jurisdictions are facing this.

The intensity of our aging pattern is at the extreme end. That's why I think at one level, despite Dr. Foot's admonition, we all can be excused for not being as alarmed 10 years ago as we are today, because we're now seeing that cohort of individuals - and I'm a baby boomer myself - as we move through our careers, the bump, if you will, in the curve is now moving out of the labour market and because we've not had either the immigration levels or the birth rates to equate with that, you get sort of - in my head at least - a teeter-totter works perfectly for me.

We had the teeter-totter for, really, most of my adult life on the right side of the demographic equation so that we had more people entering the labour market than leaving. Now the teeter-totter has tipped the other way. The degree to which it has tipped is really the part that caught our attention because even the analysis - and I was fairly familiar with the data sets going into this, but as we dug into it and started to push out the extrapolations from today, and as you saw, you don't have to push it out that far, we only went out another 20 or 25 years - is that you see the effect of that teeter-totter coming down on the wrong side. While much of the focus had been on the overall population drop, that's not the part of the story that is most impactful economically.

Let's say the mid-level projection that we chose is correct so you get a 4 per cent to 5 per cent drop in overall population. It's easy to say, well, that's significant but it's not earth-shattering, but when you look at the drop on the 18- to 64-year-old cohort, your working-age population, that's where it gets absolutely frightening. Depending upon the model that you use - I think we saw a low of about a 10 per cent drop and a high of about 20 per cent - that's where you really fundamentally change the fabric of the province. Again, all of those projections are assuming you extrapolate from our current pattern in the province. So park that piece on the demography.

On the economic side we have had sort of - and again this is in the report and I'm sure you've seen it - with the exception of the 1996 to 2003 period where we had a lift across the economy - and again, I lived in the province during that time, and I expect many of you did as well - I think we all can even viscerally remember what that was like. You had Sable coming on stream, you had the large - it's somewhat ironic now - paper mill projects at the Strait, and we saw a lift across our economy. So every sector - that's the thing that's so telling in that graph in the report - literally every sector of our economy tipped positive, whereas what has been more typical in Nova Scotia for the past 50 years has been some sectors up, some sectors down, resulting in a fairly middling overall economic performance.

So what I would say to you is the reason for the intensity, as you can tell here today in my voice, around the seriousness of the issue is that the combination of those two factors - you know, you can pick your metaphor, but I mean it is like being on the edge of a cliff. If we continue downward on this it becomes very, very difficult - and look, we tried to look at this because you always look for the good options first. We tried to say and model well, okay, what about efficiency in productivity gains that you could make within your economy? So you have fewer people, but it's just like an individual business, through application of technology or productivity you can actually still be profitable and successful, but the scale of the demographic shift would require an economic lift that just doesn't become plausible.

So where the imperative came for us - and again, as I indicated, what I want to share with you today is a mini version of our own journey in doing this commission - was there is no easy path out of this, there's no way that you're going to get a self-correcting, a reversal if you will, of the current track. It is going to require an intensity of focus, a new way of

doing things, a new way of being to some degree in Nova Scotia, in order to gain a reversal. Again, I realize to some degree we've all become numb to "the status quo is not an option" and other ways of saying the same thing. I think we should somehow prevent ourselves becoming numb on that.

Again, if you subscribe to our thesis, I think one of the reasons we've gone right to the edge, when you would say, why didn't we stop earlier - I think part of it is somehow we believed that it could self-correct or we believed that we could continue operating the way that we've operated. On behalf of my fellow commissioners, I guess one of the things we're trying to say in this report is we fervently believe that that is an impossibility. We do not believe that we can simply move in the pattern, if you will - and I mean that broadly as you've seen in the report and I'll speak to in a moment - broadly in the way that we've operated previously.

Look, I don't mean to be flippant about this, the math doesn't work; you cannot have fewer people in your labour force, you can't have the level of out-migration we have and the lack of in-migration that we have and expect that it's going to all work out.

Again, we've seen it this week in the news and it's a very difficult circumstance. At one level it is not surprising that you are seeing municipalities - and I spoke to the UNSM in November and I said to colleagues there that in all honesty, because of the work we had done, that municipal units would likely be the proverbial canary in the coal mine. The way the demography and the economy were impacting them, it was obvious it was going to hit them first because you've got to provide the services, you've got a lower and lower tax base and then the math just gets to a point where it just doesn't work. There's no magic wand that can be waved over that to make it work.

The first thing for us, as commissioners, was coming to the conclusion that it's not a matter of it just being a serious problem - you are all legislators, you know that you are constantly dealing with serious problems - it is a serious problem for which there is no simple or easy solution. Therefore, you need to look at more complex solutions. That's why it took us down that road, to look for a more transformative pathway.

The part I want to keep welded together is that as serious - and you know I've just repeated it again for you today - as that problem, challenge, that imperative is, and we all need to be captured by it, as serious as it is, I remain absolutely confident and believe that we can get this turned around. To the tips of my toes I believe that and my other commissioners who aren't here today, I want to say on their behalf that they believe it as well.

I need a caveat on that. They absolutely - if they were here today and I'll say on their behalf - do not believe we can turn it around by, again, doing things the same way and hoping for a different result. We just reject that outright.

So what is that transformative path? You've seen, I've written about this, we called it a national project for Nova Scotia, as a way of giving a framework to think about it, but let me state it, I guess, in more straightforward terms: we are a province of fewer than a million people, you can drive from one end to the other easily within a day. I know from my time at the Nova Scotia Community College and in doing this commission, the privilege of getting to drive around and around this province many times over, there is much more that binds us than separates us. We are, first and foremost, Nova Scotians, we love this province. People care about the region, I know that, I come from Cape Breton, I care about it very deeply.

I think we all know that fundamentally this is our province, just as it was our region before Confederation. You've heard me publicly, and I realize I run the risk of romanticizing pre-Confederation Nova Scotia and I do not intend to do that, what I intend to do is to say that our forbears were here in pre-Confederation days and they looked very different than we look today. They were free-traders, north-south trading patterns. They looked at our geography as having a strategic advantage compared to other parts of North America. You can say you're stuck out on the edge of a continent, but you're actually between - as they described it in those days - the Old World and the New World. Well, now we're between a European free trade zone that will kick in shortly and a North American free trade zone. So why is the geography any less of an advantage today? In fact, it's more so, because in many knowledge-based businesses, the Internet and the connectivity globally has erased those kinds of geographic barriers that existed, certainly from my parents' lifetime.

So we've got a set of advantages, a set of capacities that need to come together and be ordered in a fundamentally different way. And I'll try to get this closed shortly, Mr. Chairman. So the report posits the idea of - okay, how could we come together in a different way? We presented one sort of model of doing that. The first is to essentially say - and this is where the national project came from, and other jurisdictions have had some success doing this - we first and foremost need to agree upon a particular goal and a set of goals and objectives, but a future state that we are trying to pursue.

This is a wonderful committee to have this conversation with because there are many entrepreneurs and business owners around the table. The analogy to what you would do in your individual business and what we're suggesting for the province are many because you need to have a sense of where it is you're trying to go, and where you're trying to go can't be a week down the road or a month down the road, again, particularly when you're dealing with a jurisdiction like our province. It's got to be out there a distance.

The other reason it has to be out there a distance, frankly - and you see that from our goals, our goals were not sort of incremental or marginal kinds of increases. That's why you saw doubling and tripling and 50 per cent increases, they were transformative in scale. Whether the exact number is correct - I said this at the launch and I want to say it to you today - we did enough work on those objectives that we were confident that they were plausible. I freely admit they are all stretch goals. They are all goals that we have no chance

of achieving, I believe, on the current track that we're on. So they force, they beg the question, why did we put them out there? Well, we put them out there because we knew that if, in fact, as a province we adopted anything near that range, it would force a whole set of other changes that you would have to undertake in order to get there.

The other thing they do, which hasn't received a lot of attention but was important to us - that's why I want to share it with you today - is if you model a Nova Scotia achieving those goals, you get what we heard from Nova Scotians that they want. They want a more vibrant, creative, collaborative and successful province. Again, if we go back to what you would face as members of the Legislature and what many municipal governments would face, it would also be a province that would have more fiscal capacity to provide the services that our citizens clearly indicate and, understandably, want to have.

The place that we need to break from, in my view - and we heard this during the consultation - is a belief that we can continue to request improvements in a whole range of public services without a concomitant improvement in our economy. Again, not at all to be flippant about it, but the question is - do the math. There's no way to make that math work. In the same way, it wouldn't work for those of you who operate businesses, it wouldn't work.

Those goals were intended on purpose to be transformative. They were intended to force a whole set of other questions that you would have to come to grips with in order to get to them. They were also intended to describe a future state that was the future state that we heard from Nova Scotians during the consultations, that's the kind of Nova Scotia they want.

Now the challenge is, of course, how do you get there? We said at the launch, I'll say to you again today, if someone can figure out sort of a linear, direct, and relatively easy pathway to those goals, I wish we would have had them as a member of our commission because we couldn't. Again, I've said publicly and I'll say to you today, this is going to be a slog, there's no other way to describe it. This will be exceedingly difficult, there will be many people - and again, I say this respectfully because you are the ones who often deal with the harshest end of this scale - who will criticize the pursuit of those goals, who will point out that you can't achieve them.

In my view, I guess my question back to anybody who holds that view is, what's the alternative? Again, we've spent our time trying to find, frankly, those easier alternatives, those pathways that wouldn't look as daunting but we just didn't think they were there. That's the context of the goals again, trying to share with you how we, as commissioners, undertook the work.

I am getting to the end of it. Then we said, well how would you get there? You see that there were sort of three goals that really related to the how you get there, the first one being - and this fits the national project - a process by which Nova Scotians describe and, to some degree, validate those long-term objectives. That's the recommendation around - call

it an economic plan or a strategic plan for the province. We need to come to some broad-based agreement on what it is that we are trying to pursue. I can't remember a specific occurrence of that, certainly not within my lifetime, so I think we're on new ground in even thinking about how you would do that, but we think it's absolutely essential.

Again, if you think of our quantitative recommendations around targets as a first draft of what that might look like, it may look different once you go through that process. At the end of the day, and again, if you look at other jurisdictions around the world that have succeeded, they've been able to develop a broad-based consensus on at least we want to go in that direction, not that one or that one or this one. That, in our view, needs to absolutely be developed.

Then, in sort of a form-follows-function, once you decide you're going to head in that direction, there is going to be a whole host of changes triggered by that. We highlighted sort of the municipal and service delivery questions because those often relate to the province and the municipal units because frankly we thought that was the most pointed issue that was clearly going to play out. Even this week we've seen early signs of that playing out. You would then basically restructure how government operates because again, you deal with this in a way that I don't, but my comment about making the math work applies to the provincial finances as well as it applies to municipal finances, so the question of how you do that.

Again, we were at pains in the report to say, government can't do this alone. Frankly, I think one of the reasons we got caught in the track that we've been on is a belief that government was the first place we would look to solve whatever ailed us. Government's capacity, in my view, is actually - at least in the near term - likely to go down - at least fiscal capacity - in terms of addressing these issues.

However, what we heard from Nova Scotians in the consultation was an expectation for government to lead not necessarily to do - as I say, there's a difference between steering and rowing. The expectation was for government to exhibit leadership around - because again, frankly, this is a fundamental, democratic principle. I agree with those Nova Scotians who espouse that view. Ultimately if this province is going to decide on a particular direction or path it is ultimately going to be the Legislature that's going to allow that to occur and to validate it, to enshrine it in whatever way you choose to do so. I think it's a fair expectation of the public, but I also will be the first to say I do think we need to recalibrate our expectations around government doing it - and that's why we tried to address our report to Nova Scotians because we said everyone has a huge play in this.

On the economic side, everyone around this table knows wealth creation occurs in the private sector, it occurs in businesses. Government can play a huge role in terms of setting the stage, setting the environment, regulatory structures, et cetera, but at the end of the day the wealth creation and prosperity in this province needs to be created by economic

activity and in a globalized economy that the rest of the world is willing to buy our products and services. So we believe that piece, again, is a change.

The degree to which the private sector needs to be engaged in having input into that directional shift for the province, but then ultimately playing the role that only the private sector can play, I think it's fairly axiomatic to say that they need to have a big piece in this. So then once we've put that in place - and again, as members of the Legislature, you'll see we put a goal in there around the fiscal health of the province because you're the custodians of that; in other words, the players we've called on to do things can't control the decisions around the budget and the operations of government. The members of the Legislature can and are much like the province being on the edge as a whole, in terms of economy, demography, et cetera. I expect there will be different views around this table, but I think we could all gain agreement that in terms of general fiscal health, whether you want to measure it on debt-to-GDP ratios or otherwise, we need improvement there as well, and that's why that goal is explicitly cited in the report.

Then we went to the game-changers - and I'll not go through them individually, I'll just tidy this up in, again, trying to share with you in mini form the process we went through as commissioners. Then we said okay, how do you get there? That's where sort of the game-changer ideas came from and those are really conceptual, we know that, but we felt comfortable that they passed the test.

I guess as you process the report, what I'd ask each of you to do on those game-changers would be just to ask yourself - because that's what we did, that's why they became the 12 that we included - ask yourself on any of those measures, do we think Nova Scotia is currently in an optimal place? That's why we believe they're game-changers, because in our opinion we don't believe we're in an optimal place. Whether that comes to immigration, whether it comes to the level of trade, the focus on entrepreneurship, the kinds of divisions we have in the province as far as are we in this together or are we basically balkanized in terms of how we see the world - all of those game-changers for us are there because, if I can put it in blunt and stark terms, you can't get there - meaning that transformative sort of set of goals - without going through a fundamental change in each of those areas. The most obvious one to tie together would be the levels of immigration increase that we call for - essentially a tripling - which is perhaps one of the most daunting kinds of goals that we put in front of Nova Scotians in the report. There is no way to even contemplate that. Leave aside the federal issues around jurisdiction and getting that head room, you can't contemplate that until we are a more welcoming and supportive province.

That's the way the game-changers relate to the broader objectives in the report. It was to try to give Nova Scotians our best advice. If you want to think about what needs to change in order to get to goals, at least on the scale that we've proposed, here are the 12 that really rose to the top of the heap for us.

Mr. Chairman, I think I'll close it off there as a way of introducing this by trying to let members of the committee in on what in some way encapsulates in very, very short

form the journey that we embarked upon as a set of commissioners over the past year. Thank you.

MR. CHAIRMAN: We'll open it up for questions. We'll start with one from each Party, starting with Ms. Arab.

MS. PATRICIA ARAB: Thank you so much, that was extremely informative. I'm on a bit of an information overload at the moment, but that's great. I have one quick question. I'm wondering, what are some of the strategies that the commission discussed regarding the inclusion and engagement of Nova Scotia's Aboriginal population?

MR. IVANY: We had a lot of discussion about a whole range of, if you like, disadvantaged or marginalized populations. Again, I mean no offence by the language, but I think you'll know what I mean - the data just shows that whether Aboriginal or whether African Nova Scotian or immigrants, for that instance, their participation in Nova Scotia society broadly is not the equal of the rest of the population.

The First Nations discussion - and I wish Dan Christmas was here - largely focused, because we were an economic commission, on the kind of renaissance, if you like, that has happened at Membertou or Millbrook. It has been more around enfranchisement economically. It is to have First Nations communities have the ability to take the fullest advantage of - the same as every other Nova Scotian, frankly - the kinds of advantages and resources that their communities have to, in some way, clear the path.

If Dan was here, he would say Membertou is an incredible success story, but it wasn't easy. It was very challenging and I think in some ways, I hope they've cleared a path that will make it easier for others to follow. But the direct answer to your question, and what we heard from the communities themselves, is work with us to give us the same opportunities that every other Nova Scotia community aspires to.

MS. ARAB: Can I just ask one quick follow-up to that? Using Membertou as an example - because I was just recently there and just blown away by the amount of growth and the success that community has - is it something that can be modelled and then taken into other communities, or does each community need to look at their own resources as individual and go from there?

MR. IVANY: I think it's a combination of the two. If you look at the kind of work that Membertou is doing now with Eskasoni, it's really interesting because they're actually knitting the two pieces together. So there are elements of the Membertou model that can be replicated, but every community will be unique in a variety of ways.

The piece in the Membertou model, again, I think Dan would say the same thing, that I've been most impressed with - and Chief Paul deserves incredible credit for this - in some ways they did in microcosm what we're recommending we do as a province. When they described the future state that they wanted for Membertou, from where they started, it

was a massive leap. Believe me, there was a long line of people who said they could never do it, and they have. They just did not divert from that goal over an extended period of time.

It's like often you say about artists and stuff - they are an overnight success and they've been absolutely hammering away at it for 20 years. Membertou took a period of time but their focus, if there was one thing I could take and give to other - whether First Nations or our province as a whole - they had an intense focus on what they were trying to do and they did not deviate from it for an extended period of time.

MR. CHAIRMAN: Ms. MacFarlane.

MS. KARLA MACFARLANE: Thank you, Mr. Chairman. I am exceedingly thrilled to have you here today so thank you so much. One of the things I wrote down, one of your statements that I think I have it verbatim: there is much more that binds us than separates us. I love that statement and I, too, agree that divide and conquer is not the answer.

With that, though, I don't know if you are aware that the Leader of the Official Opposition as well as the Leader of the NDP have offered to join their efforts with the Premier to lead this - they are leaders. I agree with you that they can't do it themselves.

It kind of negates, though, the whole meaning of leader when the three will not be able to now sit down together and put this forth. I'm just wondering what your opinion is on that and what you would say to that, with them not being able to come together.

MR. IVANY: Well look, that's your purview, in terms of how the political model plays out; all I can say is what we said in the report. We think that in order to, again, effect the kind of transformation on the scale that we're recommended, you're going to need - and again, I'm not sort of dogmatic about this in any way - you're going to need some overarching structure to proceed on this that involves all the political players. How that actually plays out, again, you folks are the ones who are entrusted by the population to figure that out.

I'll stand behind what we said in the report, a belief that there's going to need to be a way - I mean, I'm not trying at all to step away from our commitments in the report - our very first game-changer was a new politics, right? Again, that's not a criticism, certainly not in any kind of hypercritical way. It is just - again, what I'd say to you now is what I said in my presentation and you are closer to it than I am. In every one of those game-changers want we wanted Nova Scotians to think about is the way we currently operate within that game-changer, so this one politically is the way we currently operate optimal, in terms of achieving those kinds of objectives.

Again, it wasn't a condemnation of any type; every jurisdiction has a political culture, a political dynamic. All we were saying is if you're going to adopt 10-year plus

goals, we think that's the only way to get the transformation to occur, is long-term objectives that you're going to stick to.

Then again, and for the business people around this committee, your business would not set a goal up here and go four years that way, four years that way, four years that way - right? You absolutely try to get as straight a trajectory as you could. We just think you have to do the same thing as a province.

It doesn't mean that there won't be partisanship, it doesn't mean that there won't be changes in government - probably made a strong statement at the launch and it's probably appropriate that I say it here today if I am to be honest with you, and that is that you can't sacrifice the future prosperity of this province on the altar of partisan politics. It's as simple as that.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I would like to thank you very much, Dr. Ivany, and the panel for all the work that you have done, and I certainly want to see this report put in action and not on top of a file cabinet that gets dusty, because it's a lot of work and it's insightful. I think that you hit the nail right on the head with respect to the partisanship, because we have seen that.

I have grown up all my life in a rural community. I have experienced the loss in a rural community, so it's very intimate to me. We have seen that even in recent weeks with respect to the job losses at Michelin. You talked about how municipalities will start to feel it first. We saw that in Berwick; now we're seeing it in Springhill. The panel speaks very strongly on having that collaborative visionary approach with leadership and leadership coming together in different Parties. I think, unfortunately, that's going to be a huge challenge because of the political cycle. That's what I have seen and experienced. Often people will say they want a government that is visionary and looks beyond that political cycle. However, we also have a society that wants to see immediate results and actions, so I think there is a conflict there.

We even saw that this morning because my motion was about us as three Parties going to Pictou County.

MR. CHAIRMAN: Ms. Peterson-Rafuse, can you just get to the question - we have a very limited time with Mr. Ivany and I want to be respectful of everybody. So please get to the question.

MS. PETERSON-RAFUSE: I'm just finishing off because this is very important. What I'm saying is that the fact of coming together as political Parties, I think, is a key part of the foundation.

My question to you is - I know that there has been some discussion with respect to an all-Party committee; however, I think that there needs to be some real structure around that, which means legislation and to have legislated goals, economic goals and legislated guidelines for all-Party involvement. Can you comment on if you think that may be a very good starting point to at least force Parties to come together and start a restorative approach of working together for the people of Nova Scotia?

MR. IVANY: The political decisions there are yours. I mean, again, the democratic process has to prevail. I'll reiterate what we put in the report. Our belief was that in order to get to a social consensus, if you like, on what the direction and long-term objectives were for the province, it was going to require, if you will, a new politics and a degree of collaboration.

The report, you will note, doesn't specifically say legislate the particular quantitative goals. It says that when you set that long-term direction, we felt you should consider legislative supports - I think was the language we used. Again, that's a decision that - one of the things about these types of commissions and panels, and I believe this, is that when you get five sort of independent Nova Scotians that provide you with this advice, we do need to step back at that point and then allow you - again, this is what the public told us they expect from you as our government and Legislature - to make the decisions around how you would do this. I think the "how" is, frankly, less important than the "what" and the "getting on with it". That's the piece that I think strongest about.

If I could just add to that comment - the way that the report has been processed, at least thus far by Nova Scotians, gives me a tremendous amount of optimism, because we didn't pull our punches in terms of the seriousness of the problem and some of the things we felt that needed to be changed. Honestly, going in, I probably expected we would have seen more kind of polarization of the debate; in other words, some that would agree - and there have been some that disagree - but generally, I think what we've heard from Nova Scotians in processing the report is a galvanizing kind of effect that is now debating less the sort of diagnostic and the assessment of the situation and now really having an expectation of getting on with it. Anyone who has been involved in large-scale change, either in organizations or in the public realm - that is a huge, huge transformation.

Again, I'd just say this as a Nova Scotian: I don't think a report like this 10 years ago would have necessarily been received in that way. So I'm hoping we're going to be able to build on that momentum and, again, to be fair to the thousands of Nova Scotians that participated in this process with us, in essence they told us they are ready to kind of get on with this and I think even some of the very difficult news of the past week or so will only serve to underscore that. People realize we're at a point that we need to change the trajectory which, again, back to the work that you do, I think gives the Legislature a real opportunity.

MS. PETERSON-RAFUSE: Thank you very much.

MR. CHAIRMAN: Mr. Jessome.

MR. BEN JESSOME: Thank you, Dr. Ivany, for coming in today and giving us your presentation; it's good to see you again. I'll briefly preface my question with, as a new member of the Legislature I'm constantly trying to grow my ability to wear that hat and to talk with people around the province and in my community, and I'll continue to do that over the course of my term and perhaps beyond.

My question - you've said it a number of times and it's no surprise to anybody that in achieving our goals, regardless of what they look like at the end of the day, it's going to be tough. I guess at times, in my opinion, it's difficult for government to be blunt with people, to be very realistic, and at the end of the day move forward. So my question to you is, in your travels, in your conversations with people from around the province, with the private sector, what would be a recommendation that you could give all Parties, all governments in dealing with Nova Scotians in trying to keep them focused on that end game, on that futuristic goal, and keep people optimistic about coming out the other side?

MR. IVANY: Through the Chair, Mr. Jessome, I think you've lighted on what I think is an essential point. My quick answer would be, tell the truth. My longer answer is a change to the political dialectic - again, this is less me as the commissioner and just more as Ray Ivany, as a Nova Scotian.

I think back again, why did we get to this point, why did we get to right on the very edge before we are truly starting to contemplate action? I think the kind of political dialectic in our province is one of the reasons why we've gotten there - it's because we've pulled our punches. I'm not laying this at the feet of politicians; I'm laying this at my feet and the feet of the electorate. Politicians, if you like, are in a position where they're going to do - because of the nature of the process of getting elected - what they believe that we, as an electorate, want them to do.

I think one of the things that we've got ourselves trapped in is the notion that if it's bad news you can't deliver it directly, that you have to somehow try to turn it into good news, when Nova Scotians are as pragmatic as they get, they know what it is.

I think one of the elements of change, Mr. Jessome, is exactly what you point to. I think part of that new politics that we talk about is not just multi-Party sort of collaboration, it is to just be more direct and straightforward. Again, we're a resilient people. Think of our grandparents or our parents - think of what communities are going through as we sit here today, that all of them are better off dealing with the reality than some sort of meta-level version of reality.

Again, I guess I could encourage you to - look, I mean part of the fundamental frame of this report, and we included this in our interim report and for anybody who has read Jim Collins' *Good to Great*, you will remember the Stockdale Paradox. The key thing in that is if you've got a problem or a situation that is staring you in the face and it is

difficult and it is ugly and you would prefer not to look at it, you can't avert your gaze because the moment you do, you're now not dealing with the reality, you're dealing with some other version; therefore, your effectiveness in working through it goes down.

Let me pick an example of what we cited here in the report around economic development. We've seen, I think, every Party, and over my lifetime we've seen Nova Scotians react negatively when governments have made economic development investments and then tried to tell the public that they were made on good, solid business grounds when the public is looking at them and saying no, they're not, you made them for another reason.

I'm not questioning that reason. If you look at our recommendation in the report, all we said was be completely transparent. If you're making an investment and it is to try to soften a blow or help a community make a transition, just tell Nova Scotians that that's why you've made the investment. I think you can get to the same decision but you get there in a much healthier, more productive and more galvanizing way. Back to this notion of we're fewer than a million people, we need to find a way to come together at a level that we've struggled to come together, frankly.

Again, I think one of the ways of doing that is just root all of the dialogue in a reality. I tried to do that, as a commissioner, when we went around in our consultations. That's why I was often in an exchange with fellow Nova Scotians who came to those sessions where I said, look, I respect your view, I understand why you feel that way but you need to help me with the math because I didn't believe their math added up. So we had that conversation.

Again, it's not a matter of trying to sway someone. At the end of the day, whether we ended up agreeing or still respectfully disagreeing, we were still dealing with the reality, not some other version. Anyway, I actually think your question is on a key element of how we - and again, it's not just politicians who need to change to allow that to happen, we as an electorate need to change the kind of contingencies, if you will, that we apply to our politicians.

MR. CHAIRMAN: Thank you. Mr. Lohr.

MR. JOHN LOHR: Thank you, Dr. Ivany. I appreciate your report very much. I know that it has really resonated with the public of Nova Scotia. There has been a remarkable amount of interest from all Nova Scotians, and in my constituency, in the report. I think your report has really struck a nerve or identified what everyone sees going on and wants to address.

You were mentioning about better management of public funds. Can you explain why removing political interest from the public funding is essential? In your game-changer No. 11, you want to have better management of public funds when investing in our province. Can you talk about why you think that's necessary?

MR. IVANY: Yes, through the Chair, Mr. Lohr, those last two game-changers are sort of together because they're kind of two sides of the economic development coin and, again, speaking to the Economic Development Committee, there were two pieces that we thought needed to be addressed. Let me pick the second one and I'll come back to your question, which is the first.

We still don't think we have it right as a province in terms of the array of economic development initiatives, the departments that are involved. We still think we can do a lot better job in, if you like, the one-stop shopping model and having absolute clarity for anyone who is considering investment in Nova Scotia as to where they go. We can talk more about that if you wish, but it was identified by Dr. Savoie in 2010 and we still - despite some progress on this one - don't think we've gotten to where we need to be as a province.

To come back to your question, is the second point; you notice, and perhaps were surprised in our report, that typically a report of this type would often call for a significant increase in public expenditure related to economic development, and we did not. We didn't because I don't know if there is a way, actually, to quantify what the right number is, but we aggregated - and again you see the table in the report - the amount that we are currently spending on economic development initiatives, broadly defined, not just one department.

We looked at that number, looked at the size of our province and came to the conclusion we have a significant amount of public money that is directed towards economic development initiatives. We were reticent to recommend putting any more money in. Again, that would be your decision, but we were reticent to recommend it until we actually came to grips with the question that we sort of tried to address and that you've just asked, which is, every one of those public dollars is scarce; they come from taxpayers, they're hard-earned, and we just need to be absolutely confident that every one of them is having maximum impact.

Again, to tie the two together, if I could, it is our belief that over time, as you're well aware, economic development programs continue to grow and morph. We don't necessarily remove one for every new program that gets added, so you get to the point where we felt you need to ask yourself the question, are we getting the maximum impact for each of those public dollars expended? That's why we went at that particular issue.

MR. CHAIRMAN: Ms. Zann.

MS. LENORE ZANN: Hi Ray, it's nice to see you here today and thank you so much. I'm so glad I have my own copy of this now. I've been trying to find it - beg, borrow or steal one - but thank you so much.

There is so much good stuff in here. I completely agree with you about the whole idea of new politics needed and the way we look at things; the way we look at the world. I came from Australia originally, moved to Nova Scotia when I was eight. For us, Nova

Scotia is this beautiful, tiny little gem of a province, but it's small, right? It's one little tiny part in a much bigger puzzle. I think that sometimes we forget - we get so into our tiny little myopic vision that we forget that we're part of a greater whole. It's the same with politicians. We get involved with our own - what we're trying to push forward for our Party instead of looking at it that we are all here for the same reason and we all do want the same thing.

Along those lines, I think the environment is also very important in the future of our province and being the Critic for the Department of Environment now, I wanted to ask you about that. I know that a few years ago the province had put environmental goals into legislation and with the Environmental Goals and Sustainable Prosperity Act, we know that going forward, that saving and protecting our environment is also going to be important along with growing our economy. In fact, there is probably a lot of money to be made with the greening of the economy. Could you talk a little bit about that, please?

MR. IVANY: Thanks very much, Ms. Zann. We heard a lot in the consultations around this issue. I think there are two dimensions to it from our perspective and you've laid it on both of them. The most straightforward one, I think, is an opportunity for a province like ours that is beautiful - and, in many ways, still incredibly pristine if you compare it to other parts of the world - and take advantage of a whole range of green economy initiatives. Whether that could be individual companies, it could be ecotourism, a whole range of activity. That sector, if you want to call it, did we see that as being part of that successful, prosperous Nova Scotia? Yes, so that's one element and, to some degree, that's the easy part to agree to.

The more difficult one - and we tried to address it in the report again as a game-changer - is really coming to grips with a robust and effective regulatory framework that people believe in and trust, that doesn't bring you to a halt on development initiatives that need to be considered. That's the tougher one. I want to be absolutely clear, there's no easy prescription on that but again, if I come back to one of the reasons why the "projet national" figured so prominently in our recommendations is that if you've got greater trust and confidence - and again I'm probably beyond the boundaries of the commission here but I don't mind sharing it with you - in the absence of the trust and confidence in an effective regulatory framework, you can see how the polarized views get you stuck, right?

Again, we tried to speak to this in the report in a couple of places where you get someone advocating for a particular economic development that has - virtually none are neutral, environmentally - but an initiative that has some environmental impact, the other side of that equation is what kind of protections are in place. Often, again, back to your role as legislators, often those are enshrined in regulation. If at the end of the day the two sides can't find a common ground that says the economic activity can proceed and the safeguards are there, then we basically get stuck, right? We can all think of examples of those.

I guess the first thing I would look for is a way again to change the - and it's not necessarily just politics because this will often play out within communities. But the reason why we were so fixated on that sort of projet national or projet sociale - if you look at other jurisdictions that get to "yes or no" frankly, that either get to one decision or another, the ones where there is enough sort of trust and confidence in the decision-making that they are able to proceed without hitting that sticking point.

What we heard and what we ultimately believe, and that's why we included it in the report, is we hit the sticking point more frequently than we think is going to be required in order to get to those wonderful, lofty goals.

Again, back to - this is going to be difficult, there's no magic wand to be waved because when you're using words that I just used like "trust" and "confidence", no one can legislate that, right? That is going to be again - I think everyone is going to be from Missouri for quite a while on this, is going to be "show me", but we need to get some of these issues that currently have us so polarized that we can't proceed. We're going to need a couple of early wins, if you like, and win could be a yes or a no answer, but you get through the process and you get clarity on the decision. I think that's the harder part of your question, but it's absolutely there and if it didn't stand out enough in the report, I apologize for that. It is there in a couple of places, but it's there formally in the game-changers where we were clear in our minds whether we communicated it well enough or not that this is not a recommendation where you basically say, we're going to abandon our environmental commitments in order to have economic success, because I don't think you can have economic success in a contemporary world without actually being good on the environmental side.

MS. ZANN: I would agree.

MR. IVANY: But I think this is another one, it's a little bit like Mr. Jessome's question. The questions you're posing are other examples beyond what we've put in the report, where we're not currently in the spot we need to be in as a province in order to get the kind of success and prosperity that we all say we want. So we've just got to come to grips with that.

MS. ZANN: Could I ask one more quick question?

MR. CHAIRMAN: Very quick.

MS. ZANN: Okay, thank you. Along those lines then, as you are probably well aware, I'm a great advocate for the creative economy, for arts and culture and anything to do with our incredible talent that is in Nova Scotia, which is clean, green, sustainable and renewable. Could you just maybe extrapolate a little bit to us as we sit here about where you see that playing a place, taking place with us in the future here in Nova Scotia?

MR. IVANY: Unfortunately, I don't think it came across as well as we would have wanted it to, but we actually see - again, it's the labelling that creates a problem because the moment you call it "the creative industries" it looks like you're only looking at it through an economic lens. I come from Cape Breton, I'm well aware it's part of our fabric. . .

MS. ZANN: Culture.

MR. IVANY: . . . it's part of our culture, it's part of who we are and we're good at it, we're exceedingly good at it.

MS. ZANN: And it can make money.

MR. IVANY: Absolutely, and in most cases it's export-focused, which is exactly one of the things that we've made a clarion call for more export industries because of the economic lift that that gives you. I think it's a place where actually if you were putting us on some sort of dial or rating, we're already in a very good place there because it's so much of who we are. The question for me really becomes, how do you take it even further and how do you do more? Just like I would say almost in any sector in the economy - again, Ms. Zann, you know this from personal experience - these artists, performers, in terms of how they proceed economically they're not a whole lot different than an entrepreneur in the technology sector.

MS. ZANN: Exactly.

MR. IVANY: They ultimately have to find a way to develop a business model for what they do. Our goal should be to make it as easy as possible for them to ply their trade, to express their artistic talents here in Nova Scotia and not have to go somewhere else to do it.

MS. ZANN: I agree, that's why I came home. Thank you.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Thank you, Dr. Ivany, you must have a very good employer to let you have so much time off. You said that we need to break away from the belief that government should improve services without the economy improving. We'll have to see what our roads look like after this winter. You can't legislate attitude, so how do we get Nova Scotians to come on-board with a change in attitude?

MR. IVANY: I wish I had the magic answer on that one, but I think some of the conversation this morning actually points to it. I think attitudes exist for a reason, so there are cultural precepts that underscore them, there are also just ways of knowing and ways of being. Again, I'll stray from being a commissioner, I'll just be a Nova Scotian here talking to you this morning, I reflect on my lifetime in Nova Scotia and I think we - too reflexively

- look to government to literally solve all of our problems and we do that devoid of the realities associated with that.

Again, I say this respectfully because all of you are dealing with this in ways that I don't, but we certainly heard it extensively in the consultation. I'm not at all being critical of or blaming the individuals who brought it forward. Many of the people who talked to us deeply and sincerely believe that they can have and should have - often the way it gets expressed - the best education system in Canada, the best health care system in Canada, the best roads in Canada and the best public services. That's fine to express that, but not if it is separated from, well, what kind of economy, what kind of resource would you have to have in order to be able to produce those things?

So I think the attitudinal shift will occur - it will take time, but it will occur - the more we steep our dialogue in reality, and that's not just between politicians and the electorate; it's between and among all Nova Scotians. Again, I don't say this critically because it has occurred many generations before you being in the Legislature, but politicians don't often get rewarded for delivering those kinds of inconvenient and hard truths. Frankly, we are going to have to get to a place - because frankly, it's not just the economy or demography that's on the edge of a cliff here - I would suggest, so are you because you don't have the capacity fiscally, in my view, to say yes to all of the things - at least judging by our consultation - you're going to be asked to do. There has to be a different way to have the conversation because what our standard polity would require you to do, I don't think you have the option to do it.

The attitude won't come first and we've seen how the report has been treated by the public. Again, I think generally I've been quite buoyed by the fact that people are not questioning fundamentally "is that a description of reality?" I think they're saying, yes, that is a description of our reality. Even the critics that have sort of said, well, those attitudes will never change - it's not the attitude that's going to change first. What will change first is the conversation that we have.

I don't mean to be playful about this at all, but I think I said this at the launch and it seems appropriate to say it here. There's a little bit of - and I'm not a fan particularly - Dr. Phil here, right? Like, how is that working for you now? The current kind of dialogue that we have, the way that we engage, around these questions, it's a little bit like Ms. Zann's question around protecting the environment versus economic development. In the same way, it's a little bit like - we will get people basically advocating for things that are impossible to have and because we can't work through it, that expectation, thus attitude, is allowed to remain. Given where we exist, I think if you change the dialogue - and I'm always a big fan of talking about transformative change - to just ask people to deal with it in an organization, or in your case with the entire province, the same way a family would deal with it.

I'd pose the same question, how much success has anybody had - when a family is facing a difficult challenge or problem - by people ignoring the problem and hoping it was going to get better or go away? It just doesn't happen.

I think the more we are steeped in the reality of the circumstance we're facing, that's what will change attitudes. I think we're dreaming in the proverbial Technicolor if we think, again, you're going to just change attitudes. Attitudes will change as a result of the kind of culture, the social discourse, the way we go about doing things; then attitudes will follow that. That's why, just as your question implies, it will not be an easy path and early on - again, easy for me to say, you are often the ones who are having to deliver those messages.

I think one of the real positives in this - and again I'd ask everyone to think about their own personal experience, or your own business experience, or organizations you've been in - one of the real and powerful aspects of coming to grips with your reality, whatever it is, especially when it's challenging, is that the moment you kind of accept, yes, that's our reality and let's get on with it, you almost immediately get a bounce, because now you're no longer debating whether that's the reality, you're now at least saying, let's deal with it.

I think that's what we're sitting on the verge of now, as a province. I think there has been a coming together, a confluence of a whole set of circumstances that have now got us at a point where we can contemplate a level of change that will actually involve attitudinal change, but it will also involve a getting on with it that we haven't had before, partly because the options that we thought we had are now shown to be non-existent.

I think for you, hopefully, one of the things that will work is I think the public is going to be more accepting of the fact when you say, yes, it would be really great if we could do that, but, unfortunately, we don't have that option.

I'm always a big fan of trying to share with people, when trying to go through a change process, to be really transparent with them, not to get caught in, well, you're saying we've got to do this thing that's difficult, why don't we do the easy thing? Well, obviously we'd do the easy thing if it was available, but if you can say look, here's the problem we have - and some agree that is what this report tried to do - here's our analysis of what the options are and frankly, none of them are particularly easy or palatable, but those are the options, so let's go through a process to decide which one of them, in some cases which is the best of a set of sub-optimal options.

Again, that's reality and that's what I'm hoping we're sitting on the verge of now, as a province.

MR. CHAIRMAN: Ms. MacFarlane.

MS. MACFARLANE: Dr. Ivany, you know that this past week has been very sad for Pictou West, Pictou County, and truly beyond, with the loss of 500 jobs at the Granton Michelin plant. Many of us feel that we've been hitting that proverbial brick wall and it has been a very difficult week. Next to the government, Michelin is the largest employer in Nova Scotia. With this Granton plant being in a rural setting in Nova Scotia, I'm just wondering what you feel in us trying to adapt to the global economic shifts?

I know that your fourth game-changer is to renew our rural economies and I'm wondering if you can give some insight into what those optimal conditions - I know you've used the word "optimal" quite often today, I'm wondering what those optimal conditions would be to allow us to improve our rural economies, especially right now because it's personal, to help Pictou County.

MR. IVANY: This week - that kind of news as you well know is just absolutely devastating to a community. I think I was 12 years old then we had Black Friday in Sydney, with the announcement of closure of the steel plant that ultimately was reversed for at least a period of time, but the degree to which that impacts smaller centres is absolutely severe.

To go to our report, the construct that we were trying to set had two pieces to it, particularly related to rural Nova Scotia. One is - and you see it throughout the report and it would not be inappropriate to say it was a flash of insight into the obvious. We seem to have drifted away - and we heard this in the consultation - in the last 20 years, let's say, we've drifted away from a recognition that fisheries, agriculture, mining, tourism, manufacturing which occurs largely in rural Nova Scotia. Those are fundamental parts of the Nova Scotia economy, they were huge parts of the Nova Scotia economy 100 years ago and I'll suggest they'll be huge parts of the Nova Scotia economy 100 years from now. But somehow in the way that we mentally processed the transition to a globalized knowledge economy - and again, we heard from people in those sectors actually very emotionally feeling this way - somehow we as a province had sent off a message that what they did was no longer important or relevant in the economy. But if you look at the numbers, the numbers tell a completely different story.

Part of our call here - and this will relate to government policy and your committee - is to kind of reroute ourselves in the fact that those traditional sectors are still hugely important parts of our economy and they're hugely important parts of our economy particularly in the rural regions. Therefore, let's make sure, as we develop economic development policy, that those sectors are on the radar screen and are factored in the equation.

The second piece is at the level of the individual firm or business. As we went around the province, and I think some of you heard me say this before, I was struck in a couple of different ways. There wasn't one part of the province that we went to where we did not see individual companies that were truly outstanding by any measure, completely and objectively. I've used this to try to again focus on the attitudinal piece and it frustrates me, but I think I know Nova Scotians well enough - if they saw that company in Silicon

Valley or in the South of France, or somewhere else in the world, it would be, wow, what an incredible company, I wish we could do something like that in Nova Scotia. But when we see it in Nova Scotia, somehow it carries less significance.

It didn't for us. We were just taken aback by how good company after company was that we saw around the province. I will say and this actually became part of my emotional roller coaster as we went through the process - you'd be in a community, see these companies, and just be uplifted by how talented the people were and how successful. But you'd be driving out of there at night thinking, if we saw five, what would the community be like if there were 10? If you saw 10, what would it be like if there were 20? There's a scale issue here and the reason it relates particularly to rural communities is this, many of those, what we thought were outstanding companies, the only reason they existed in those particular communities is because the individual entrepreneur wanted to live there.

It goes back to one of the great strengths we have, right? This is a beautiful, wonderful province. It has a way of being and a sensibility to it which does have huge value, and that's why you get people deciding that they're going to find a way to make it work in those particular locations. I don't think we've even come close to tapping the potential of that as part of our economic strategy. This is government having to do less things or invest more, it may simply be get out of the way and make it easier for individuals to make those decisions because it's going to be the individual entrepreneur that's going to make the decision. None of that is going to, in the short run, ameliorate a 500-job loss that you're experiencing at the Granton plant. It's not going to happen, but by getting on that track, then what you do is - I think you increase your capacity so that as you get changes made by individual corporations or global market shifts, then as one comes down, you've got two or three others that are on the increase.

Again - back to the limitations on the capacity of government - there's very little that government can do to prevent some of those negative impacts that are going to occur. All you can really do is try to put the conditions in place so that you do get some compensatory growth elsewhere.

MS. MACFARLANE: I just quickly want to say - so with those optimal conditions, once again, would you agree or suggest that by lowering taxes, by freezing power rates, by removing first contract arbitration and creating those winning conditions are some of the things that we can do as government to give people, and younger people, initiatives to come here and open up business and create jobs?

MR. IVANY: If I go back again to the report's recommendation, the reason for the projet national is to get an overarching agreement in the province of what it is we're trying to achieve. Once that's set back to what we may have needed to spell out, in retrospect, in a bit more detail, that's going to force a whole set of other decisions, and many of them you've just described. So you're immediately going to be faced - let's take the obvious one where we've got to get more business starts and we need to get more trade orientation, more export focus. The moment you do that, you will then be forced, as a province, to say

what's our competitive position in terms of allowing businesses easier to start, a business-friendly jurisdiction in that respect, have a regulatory environment that makes sense and is predictable, tax levels that make sense - you're going to be forced to do that and then if you've set it as your goal, you're then going to need to make the adjustments to do it.

It's always hard to kind of parse this at a real granular level, but we heard plenty from entrepreneurs around the province. Again - I say this respectfully because some of the members gathered around the table are entrepreneurs themselves - we heard plenty that would suggest that it's not as easy as it needs to be to start and operate businesses in Nova Scotia when we're trying to be competitive against jurisdictions essentially around the world.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I think that we did recognize that, of course, in our term in government to bring you to the table with the report and lowering business taxes every year that we served our mandate.

I do have a two-part question, but it's fairly quick. In your report you suggest that government should do everything possible to preserve jobs in rural communities. So the hypothetical question is, if it were up to you and a major employer was about to leave the province unless it received support from the province, what would you recommend the government do?

The second part of the question is, if you were recommending that investment, you talked about the key in being transparent and communicating to Nova Scotians the reason for that investment, I think the way you communicate and the language you use is critical. So what would you recommend? Whether you call it an economic investment, a corporate investment or a partnership, it's all the same thing. It's an investment in a business.

MR. IVANY: On the first point, I'll give the only answer I think I can, which is a process answer. I think there needs to be a rigorous assessment, an evaluation of that particular circumstance. Frankly, I think if we look at the overall track record, not just in Nova Scotia but certainly in Canada, the success rate on those eleventh hour kinds of investments tend to be pretty low, by definition, because you're often in an insolvency situation so pulling that out of the fire is difficult in and of itself.

I think the rigour of that analysis needs to be such that - and again, back to what the conversation this morning has unearthed, I think, many of the things that are going to require change, because currently it's seen as unpalatable by us, as the citizenry, for governments in that situation to say no, we actually don't think you can hold back the tide here, because of the particular business cycle or sectoral or market shift globally, you can't stop this from happening and, therefore, we can't make an investment. Then the consequences obviously are significant. That's back to Mr. Lohr's comment.

That's why we said look, every dollar that government expends generally, but particularly on economic development, is a dollar that's coming from a taxpayer who has worked hard and you've taken a portion of those earnings. We owe it to them, I think, to be really rigorous about that. Okay, so the possibility is you say no, we're not going to put taxpayers' money there and be able to communicate that, or yes, we're going to put taxpayers' money there, and the vehicle you're using depends on the various programs, but if you think there's a business case - again, with some expert advice in making the decision - then it has to pass scrutiny with the public.

So if it's a business investment you've made, then there should be a pro forma that would show what return you expect on that and that it's a reasonable decision. Again, I say this respectfully, it's not your money; it's taxpayers' money. You're taking their money and saying we're going to put it there because we think there's a return on it.

The third option is in the circumstance where you think the follow-on effects - because again, as Ms. MacFarlane well knows, it's not just the loss of those well-paying jobs, the follow-on effects of suppliers and all the rest of it, but let's go even further. For most of us the majority of the equity that we have is in our homes. So when you get in a small community and a major employment loss, you've basically shredded a significant amount of people's equity in their home overnight. So it's not inappropriate for a government to say okay, we are making an investment here. It's still public dollars but we are doing it not in a business investment sense of expecting a return, we're doing it because we are trying to buffer the effects and allow a community to make a transition.

Again, I just speak to you as a Nova Scotian, I think we've conflated all of those things. I don't think we try to draw them out. We often try to put a patina of why it's a good thing, and back to the fundamental nature of the discourse that we're talking about with Nova Scotians, I think we've often put them all in the same pot and I think it has served us very badly, frankly.

My view of that is it is just absolutely crucial that the public has the confidence that this is not politically motivated, it's not on a whim, and there is a rigour to the examination. Then there's a complete transparency about why the action or inaction, why the decision is made - no, we're not going to put your money in that particular venture because we don't think that's a good use of your money. Again, I think there's almost a new language that we need around those issues.

MS. PETERSON-RAFUSE: Thank you so much.

MR. CHAIRMAN: Ms. Eyking.

MS. PAM EYKING: Welcome, Dr. Ivany, it's always a pleasure to catch up with a fellow Cape Bretoner. I really enjoyed your session here today. Just to expand on Karla's question, what do you see or what has the private sector indicated as their number-one roadblock in achieving their goals, outside of attitude?

MR. IVANY: I don't know if there's a clear number one, and I'll explain why. In terms of the private sector it often depends on either which sector you're in or where your company sits. I was talking last evening to an entrepreneur who still has a relatively early stage company that's in - if you're familiar with the venture capital language - the valley of death, so to speak, in terms of still heavy burn on the development of the technology. What they would say is the number one thing is often what we call venture capital is actually growth capital, and in larger jurisdictions where there's expertise of venture capital in pure form in particular sectors, there's a better understanding of where his particular company is and the kind of money that's needed. So that's what he would say is the number one thing.

I think we heard from some of the traditional sectors where at least as it relates to government - and Mr. Lohr would know this - where they're just saying, if we could have a dialogue and an understanding with government of the importance of our sector - again, I'm going to suggest that this is not just a feel-good kind of consideration. When you've got sectors like fisheries, agriculture, mining, et cetera, that are as important to this economy as they are and they don't feel that way, that's actually a business issue. They are, either in terms of their own activity or if they're part of larger, national or multinational organizations - that influences where investments are made. For them, what we heard from them at least, was really feeling like there was a connection between their sector and where we're going as a province.

Again, I want to underscore this is not a long laundry list - because I think often the private sector gets accused of this - a long laundry list of where they're expecting government expenditure or government to take action. In fact, we heard more generically across sectors about things government could do to get out of the way. Often that's regulatory and again, there needs to be a balance there. Do you know what I heard more than regulatory? It's essentially turnaround times in the kind of approvals and kind of decision making when a business touches government.

What I started saying as I got toward the end of this - and thanks for reminding me, Ms. Eyking, because it's something I should say to you - what I heard from the business community is that currently it too often feels - so think of the business facing parts of government - that when business touches down on government, they're forced to run on government time. You will know most businesses can't succeed running on government time so their call was on the business facing parts of government, you've got to reform so that they run on business time.

Again, this is an area where I think we've got low-hanging fruit, so to speak, in being able to make progress because it's not looking for massive investments that again, I don't think you've got the capacity to make, this is reform around speed of service, the classic red tape reduction, et cetera. The speed of service one, I thought, was actually one of the most interesting ones because that's achievable, that is absolutely doable.

MR. CHAIRMAN: Mr. Lohr, did you have a question?

MR. LOHR: Yes, thank you, Dr. Ivany, for those answers. As you know I'm the son of Dutch immigrants and I'm literally in the province because of a government program between Canada and Holland post-war to bring immigrants in. I'm just wondering about your immigration goals. There are a fair number of pretty lofty immigration goals and I totally agree with the goals; what I'm wondering about is the how. Do you have any suggestions or do you have any vision of sort of how to achieve those goals or what you had in mind in terms of international and interprovincial immigration?

MR. IVANY: Thank you very much for the question, Mr. Lohr. Here are the constituent pieces. The first, and again let's just be really pragmatic about this - the only way that we're going to get the latitude to pursue those goals is a fundamentally different relationship with the federal government on the immigration capacity. That in and of itself is hugely complex but I think we can make a business case. I don't think we're going cap-in-hand at all; I think we can make a business case for it. So leave that aside.

The other piece, and I believe you know this, Mr. Lohr - I've said publicly as we've gone through this process, we need essentially a modern-day version of the Dutch immigrant policy - whatever that looks like. I mean that is, at least within our lifetimes, the single greatest success story on scale of a policy that has allowed a boot-strapping, which is what we're arguing for around immigration levels.

The other thing I think we need to recognize as a province is the second piece - and again, I've been using this and my apologies if you've heard it before. We also just need to get a comfort level of what it is that we're trying to do here. The best example I can think of is the city that we're sitting in today. Think of Halifax mid-1970s, think of how much the economy and the development have grown here today. Now think about what percentage of that is due to the immigrant community. We actually tried to quantify that but there was no way to accurately capture it. I think all of us know it's very significant. That's why that transformation is so important.

I need to say two other things on immigration. One is our major leakage right now of net interprovincial migration - no surprise - literally from here to Fort McMurray, but it is elsewhere. So that represents a huge opportunity because I know from my own family, for those who are there, that if the economic opportunities are here - and they don't necessarily have to be at the wage rates of the oil and gas sector - if the economic opportunities are here, we can repatriate those folks.

Again, I want to go back to the fundamental premise. Yes, we're arguing that it's a crisis situation and we're on the very edge but it's almost like a knife edge. Right now we've got two or three major factors that are all tilting the wrong way. If you get those tilting the right way, you go positive very, very quickly. Those things can reverse, which is where the optimism comes from and again, why I've started today and I guess I'm close to the end - that's why we've got to keep both things bolted together. Yes, it's a tough message around the diagnostic, but we can absolutely turn that around.

The second and last thing I need to say on the immigration front is that we still have tens of thousands of Nova Scotians who, for a variety of reasons - sometimes disability, sometimes socio-economic issues - are literally on the outside looking in. We need to do a better job at getting them in. That's going to require changes in all kinds of things.

One of the major shifts that occurred during my time at the Nova Scotia Community College was the creation of the Nova Scotia School for Adult Learning. Historically, we have had a completely intractable problem in terms of the percentage of adults without high school completion and it was sort of well, there's nothing you can really do about that.

The reality was when we developed a different vehicle - the Nova Scotia School for Adult Learning - thousands of Nova Scotians came across that bridge, so to speak, and now have a better life personally but also, in terms of what we need as a province, are contributing fully in the labour market.

We need to do much more of that and whether it's a Nova Scotian on the outside looking in who becomes fully engaged and participates in the labour market, whether it's someone who comes back from Fort McMurray, or whether it's someone who comes from another part of the world - all of those basically are the things that need to tip back over in the other direction in order for us to succeed. Again, it won't be me - it'll certainly be the Legislature and leaders in government - but if I was talking to the federal government, I think I would use the Dutch immigration wave as an example of what we're looking for a modern day version of.

MR. CHAIRMAN: Thank you. Just to indulge my committee members, I would love to have an opportunity to ask a question and I'm asking permission from you guys if I may ask a question. Thank you.

I guess for me as an entrepreneur, I see our emerging markets as a key fundamental industry that we really need to address and support, especially in ocean technology defence. If you combine all of these emerging industries you're looking at over a \$3 billion industry. From this report, how do you see government having the ability to support those industries as those are the future of Nova Scotia?

MR. IVANY: I don't know if it's qualitatively different than other sectors in this vein. What we heard in the consultation - and again, I can't attest to how accurate every submission has been. What we heard in sector after sector - including a couple, Mr. Stroink, that you cited - there's not currently an effective-enough mechanism for them to have a dialogue with government so that you actually know what they're saying they need in order to kind of take their particular sector to the next level. It's a little bit like ships passing in the night

Actually, I'd start one step back from your question around a prescription. I think if I could do one thing, I would make sure on each of those sectors that you listed - because I

agree with your analysis, I think the emerging opportunities there are very, very significant. The first thing we need is a way of engaging with those sectors so that not only we have absolute clarity for government to know what they think they should do for those sectors, but also those sectors - they themselves - are coming to the table, hopefully with some of their capital at risk, to be saying here's what we need.

Again, I'm more reflecting what we heard in the consultation which was that is what they cite as a bit of the missing piece. Obviously it varies by sector, but if I could tie it to another one of the game-changers in the report - in those two game-changers that relate to economic development policy, that's part of what we were pointing to there. So again we didn't question the total amount of money that was in the pot, but what we really questioned was the current way we actually dispense those monies. Sometimes it's not money, it's a change in policy or regulation, but are we doing that as effectively as we could? Our conclusion was that we're not.

My temptation, if I can offer an opinion on that, would be almost to go sector by sector - each of those sectors are fairly well organized - and have a deep enough conversation with them that to let them define what they're saying is the missing piece and then hold them accountable for it. If government is able to step up - and some of it may involve money and some of it will not - then I think you can easily hold them accountable. But there seems to be - at least from what we heard, the connecting points are just not as good as they need to be.

MR. CHAIRMAN: Thank you very much. We're coming to a wrap and I'm sure we could talk to you all day long with questions, so I think at this point it is 11:25 a.m., we have to wrap up this meeting to deal with some other issues. I wanted to say thank you so much on behalf of the committee for coming. What you delivered today was above what I think a lot of us were expecting, so thank you for your time.

MR. IVANY: Thank you very much.

MR. CHAIRMAN: Some people need to run out for a second. When they come back we'll deal with follow-up for next steps. We're just taking about a five-minute recess.

[11:26 a.m. The committee recessed.]

[11:28 a.m. The committee reconvened.]

MR. CHAIRMAN: I'd like to call this meeting back to order, please. In light of all this new information, I would like to put forth a motion that April 3<sup>rd</sup> is the next meeting, and at that meeting that we have a new agenda-setting meeting. Based on all this new information there might be changes that we would like to bring forth to change the original stuff that we had planned. Also, the Traves report will be done and in respect to the Progressive Conservatives, you had discussions about the Jobs Fund and stuff like that - you'll have an opportunity now to bring that forward, as it will be available and out by the

time that meeting comes forth. So if you're okay with that, April 3<sup>rd</sup> would be an agenda-setting meeting. Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I wanted, before we make that decision on April 3<sup>rd</sup>, as you know, the second part of my motion this morning was that since we're not going to go to Pictou County as a committee, that at the very earliest possible date we have a meeting here in Halifax and invite ERDT to discuss the job creation in Pictou County as being a top priority and not wait until April 3<sup>rd</sup> to decide when we can bring them in, because that then is going to take you into another month - May. I think there is quite an emergency and urgency around this.

MR. CHAIRMAN: I think your issue is not just about Pictou, it's all of Nova Scotia, so I think if you brought that forward at the agenda-setting meeting, we can address it as all of Nova Scotia and Pictou included. We would gladly address that at that time.

MS. PETERSON-RAFUSE: With due respect, I know there are issues throughout all of Nova Scotia that we, sitting around the table, certainly want to discuss and talk to ERDT about, but this is a particular issue in itself that has actually occurred. We have 500 people potentially losing their jobs and if they are reintegrated into other parts of Michelin in other parts of the province, it still has a devastating effect on the County of Pictou.

Mr. Ivany just even supported that by saying it affects the housing market in the area and it will affect the other businesses. I think time is of the essence and it's not something that can wait. This is an emergency and I'm quite surprised that we're not responding to it in that manner. All we're asking for is a meeting with ERDT as soon as possible.

MR. CHAIRMAN: I'm saying that the transition team is already there, and we have ministers going up there already to deal with these issues. All I am asking is that you bring this forth to the agenda-setting meeting on April 3<sup>rd</sup> and we'll have that discussion at that time. We'll put it on the agenda to bring forward and go from there.

MS. PETERSON-RAFUSE: I'd like to make a final comment, and this is for the public record. The fact is that we just sat here for about an hour and listened to Mr. Ivany talk about the partisanship that we have to get over and that we have to come together and work in an all-Party. Our very first opportunity to show this to Nova Scotians is being denied by this committee, through the Liberals. That's a final comment - it's unfortunate.

MR. CHAIRMAN: Thank you. Ms. Arab.

MS. ARAB: I would just like to actually speak to that and maybe give some clarification to Ms. Peterson-Rafuse. The transition team that's going to Pictou is not just comprised of Liberal ministers; actually municipal representatives, federal representatives and Opposition MLAs within the area have all been invited to be part of that and be part of discussions. It's not being treated with any partisanship.

MS. PETERSON-RAFUSE: Is there representation from this Party?

MS. ARAB: I'm not sure. I know that the different levels of government have been  
...

MS. PETERSON-RAFUSE: I just would like to have clarification. I know there's a transition team but there's a difference between the transition team and this particular committee that looks at economic development. Could I be provided with a list of who is on the transition team, to ensure that it is an all-Party transition team?

MR. CHAIRMAN: Yes, we can offer that to you and we will get that information to you, Ms. Peterson-Rafuse.

Are we good with that motion for April 3<sup>rd</sup> to have an agenda-setting meeting? Mr. Lohr.

MR. LOHR: I just question April 3<sup>rd</sup>. The House will likely be sitting, won't that impact our meeting? Will we sit anyway?

MR. CHAIRMAN: We will work around it.

MR. LOHR: We'll work around it, okay.

MR. CHAIRMAN: Mr. Jessome.

MR. JESSOME: I move that we set the agenda-setting meeting.

MR. CHAIRMAN: Would all those in favour of the motion please say Aye.  
Contrary minded, Nay.

The motion is carried.

I call this meeting adjourned. Thank you very much.

[The committee adjourned at 11:34 a.m.]