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ON

ECONOMIC DEVELOPMENT

Thursday, November 27, 2014

LEGISLATIVE COMMITTEES OFFICE

**Department of Economic and Rural Development and Tourism
“Invest Nova Scotia”**

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ECONOMIC DEVELOPMENT COMMITTEE

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[Mr. John Lohr was replaced by Mr. Eddie Orrell]

In Attendance:

Mrs. Darlene Henry
Legislative Committee Clerk

WITNESSES

Department of Economic and Rural Development and Tourism
“Invest Nova Scotia”

Mr. Simon d’Entremont
Deputy Minister

Ms. Lilani Kumaranayake
Executive Director, Policy and Planning

Mr. Tom Traves
President Emeritus and Professor, Dalhousie University



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, NOVEMBER 27, 2014

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

9:30 A.M.

CHAIRMAN
Mr. Joachim Stroink

MR. CHAIRMAN: I'd like to call this meeting to order. Please remind everybody to have your phones on silent. I will now have the members of the committee introduce themselves.

[The committee members introduced themselves.]

MR. CHAIRMAN: Today we have the Department of Economic and Rural Development and Tourism and Mr. Traves presenting. If you wouldn't mind making introductions for yourselves and then we'll start with opening remarks.

[The committee witnesses introduced themselves.]

MR. CHAIRMAN: Thank you very much. I'll pass it over to you guys for opening remarks.

MR. SIMON D'ENTREMONT: Tom is going to start us off with part of an opening statement, which I'll follow with an opening statement as well.

MR. TOM TRAVES: Thank you. We just wanted to give you a bit of context for the discussion that would follow. As I'm sure you know, I was asked by the province last year to do a review of economic development assistance tools. I think the sort of sequencing of this was that the Ivany commission reported and presented sort of a strategic overview and the department asked me to essentially look at the tool kit by which the province attempts to basically encourage economic development and make sure that there was a reasonable alignment between the strategy and the means to implement the strategy.

On your sheet - it looks a little small, it's a little larger there - you'll see the objectives of the review and you'll see a brief list of the various policy instruments that three of the major organizations on behalf of the province use to pursue a variety of economic development objectives: the Nova Scotia Business Inc. organization; ERDT itself; and Innovacorp, which handles small tech innovation companies.

The review I conducted, with the assistance of a consulting firm, looked at best practices across a wide variety of jurisdictions, both in Canada and in the United States. The report they produced is quite substantial so we've just summarized a handful of the key findings for you here. These findings basically created an underpinning for us as to the recommendations that ultimately I came forward with.

Without going into these in great length - and we can pursue them if you'd like in discussion - we found from looking at a number of states and provinces and even sub-government units, city governments that have similar processes, that the best forms of decision making for economic development policy implementation involved arm's-length bodies so that they were somewhat isolated or insulated from full government or political pressure, that they were transparent and they were accountable.

The goal of these initiatives obviously was to enable economic development but to do so in a way which didn't interfere directly with competitive forces in the market, so it wasn't a matter usually of picking one firm and giving them an advantage over all the other firms in a particular sector or business area.

We found that the best programs had ongoing monitoring and evaluation of their activities, which of course required good information management systems. This is something that I believe was raised a number of times by the Auditor General in past reports, so this was something I believed needed to be dealt with as well. That policy worked best when there were clear priorities, in terms of economic targets, and that funds were deployed to address those targets.

There had to be some flexibility. We know that economic development processes are very complex, that situations change, and there are lots of sort of external factors that have an impact on any regional economy so you have to have some measure of flexibility. At the same time you have to have some sense of where you're trying to get, otherwise you are just going to be going off in all directions.

Programs, we believed, needed to be reviewed on a systematic basis and for that reason we suggested either an automatic review clause in every program activity or some kind of sunset legislation which said that a program lasts for X number of years and at the end of it it is cancelled, unless it is renewed. I think it's not necessary to have that sort of Draconian end, but at least that there has to be an established program evaluation. It's very easy in any sort of governmental set of arrangements for programs to be developed in response to current pressing problems. They get added to the list.

It's a lot easier to start programs, in my experience, than it is to cancel them and so you want to be in a position occasionally to step back and say, so we have these 17 programs, are all of them working well - would we be better off if we had only 16 and added a new one? That kind of suggestion was built into my recommendations.

We found that in Nova Scotia there are sort of two tendencies in the province. Overwhelmingly, business enterprises are small. I think 98 per cent of firms are less than 50 employees, so we are overwhelmingly a small business economy. On the other hand - I believe I'm right in saying this from the Ivany report - roughly 70 per cent of Nova Scotians work for larger companies. So we have this kind of tension in terms of the focus of economic development. Do we help the larger companies because that's basically where jobs are or do we help smaller companies because they're often the source of new job creations? Both of these elements I think have to be attended to, but you have to be mindful of the fact that it's almost a dual economy operating.

Finally, especially for new firms, new entrepreneurs - and this was true in the Innovacorp situation where they were really dealing with start-ups; I served on the board of Innovacorp for about a decade - business mentorship is really important. People have good ideas about what they could do, how they could fill a gap in the market, how they could introduce some new technology. At the same time, just because you have a good idea doesn't mean you know how to run a business so some kind of mentorship in the early phases of business development was an important component of a strong economic development strategy.

Those were some, probably the highlights, of the findings of this international review. This then led to four general sort of reflections or conclusions which then underpinned the 12 recommendations that came forward. One, in terms of the purpose of development programs - and I suggested that short-term job creation or retention was not necessarily the best way to develop a strategy.

One can understand the pressures on public officials to create jobs, particularly in areas where there is very high unemployment, but in the long run the best economic development programs are those that essentially concentrate on investments in activities that will build long-term sustainable economic enterprises. Although this requires some measure of patience and doesn't always address the crisis du jour, nonetheless, if you want to have a successful policy, you have to focus on a number of those long-term objectives. Those would include elements like innovation, competitiveness, export orientation - a handful of sort of obvious but difficult to achieve objectives.

Secondly, with respect to who makes decisions - and here to come back to a point I made earlier, we suggested that externally dominated boards of directors or arm's-length organizations were best placed to make investment decisions, which would improve decision making and accountability.

Thirdly, it was concluded that these were obviously complex challenges. They involved complex business approaches and that sometimes one needed a comprehensive approach to economic development issues and although that's at one level - holistic is an obvious and easy word to say, it's kind of difficult actually to achieve in large bureaucratic organizations like governments where you have many departments, and within departments you have many programs. It's understandable that each one of those develops their own objectives and their own sort of practices, and although that makes a lot of sense from inside and actually works quite effectively most of the time, on occasion, however, you need a much more comprehensive and holistic approach. So we suggested that piecemeal solutions were not always sufficient to address these long-term, complex, long-standing problems on the economic development front.

Finally, to come back to the point that I mentioned earlier about program evaluation, you can only have an evaluation if you have good records, if you have a clear understanding of who was supported to do something, what did they do, how did they do it, how effective has this been, and so some attention had to be paid to sort of the analytical supports that are necessary around information management.

This then led to some key findings which were part of the 12 recommendations that I brought forward. The first, I think it's very important to underscore this, was that the machinery of government in this area is not broken. There are lots of activities going on, they are, by and large, effective, but obviously some new approaches needed to be introduced. It's important, this is not something that is a catastrophe and we have to start from day one from scratch.

Secondly, this is not an area that is starved for funds. We all know that there are lots of programs, lots of money. The question is obviously to get the right program and to put the money in the right places. This was not a review that concluded we have to spend more to get better results.

We also, as I suggested, have to come up with some new ways of thinking about how to pursue economic development and we needed a new innovative culture inside government that looks for constant program improvements. This is something that I guess I've now said for the third time: it is really, really important to have ongoing review. There are mechanisms, obviously this committee and the Legislature as a whole and the Auditor General and various internal reviews that go on in the department, it's not that people are unmindful of this but from time to time there needs to be systematic review so there was a suggestion that we needed this periodic stepping away and having a holistic review of all the activities in an organization like ERDT or across a broad range of their initiatives.

There were a number of conclusions that led to the 12 recommendations. I've got them here, I won't go through them in any detail but I suggested there should be some improvement around the decision-making process with a delegation of greater authority to agencies like NSBI and Innovacorp and the new body that I suggested which has come into being under the title of the Invest Nova Scotia Board. Again, better ways of gathering

information and evaluating programs, there should be some streamlining within the existing program array.

I think there were six or seven different programs that were aimed at external trade support. These were, when I looked at them, really just sort of seven steps along the way from the first step of “I might be interested in exports, can you give me any advice on this?” all the way through a variety of supports, leading to “I’ve just made a big sale, can you help me finance it?” All these were separate silo programs and it was suggested that we might operate more effectively if some of these things were just bundled together in one program and that all of the policy instruments could then be used more flexibly and more effectively, depending on where a company was in this development continuum.

That then led to the dozen recommendations that were part of my report. I won’t go through those now except to say that I was very pleased recently to see a report on the follow-up to those recommendations and as far as I could see, every one of them was adopted and implemented to a greater or lesser degree. Obviously this was one of those reviews where the government truly intended to take some action and has followed the recommendations quite systematically. Obviously as the author of the recommendations, I was pleased to see that. Thank you.

MR. SIMON D’ENTREMONT: So we’ve taken the guidance of Dr. Traves and other drivers and influencers in the current situation, including the One Nova Scotia Commission work. There was a forefront conference led by the private sector a couple of years ago. We came out with some very interesting recommendations and we’ve been able to take action on that.

We have implemented the Accountability in Economic Development Assistance Act, and basically this sets up a mechanism by which we improve transparency of what we’re doing and how we’re providing assistance, to whom we’re providing it. There now is a website whereby we post assistance to business and every six months we also provide updates on progress on how those types of projects have been assisted and how they’re progressing; whether or not they’re meeting their intended objectives - if it was creating jobs, how many jobs were created and so on. So improving accountability and transparency is important.

We’ve also heard from Dr. Traves and the One Nova Scotia Commission and made some changes to streamline how we do economic development. Basically we clarified the mandates of NSBI, Innovacorp, and ERDT. There was a lot of duplication and overlap in that we had trade officers in our department; NSBI also had trade officers. Venture capital was being done in my department and NSBI and Innovacorp. Lending was being done in my department and at NSBI.

At a minimum, we need clarity for business. If you want assistance from the province who do you call? We have to build the expertise in one department and so on, so we’ve done that.

We've implemented through that as well more of the recommendations from the Traves report, including five-year mandatory evaluations of agencies and programs, sunseting programs and so on. So the way it's going to work is NSBI is going to be taking - the big difference here is that a lot of us were involved in business development, and businesses, when they wanted to get assistance from the province, could call either the department, they could call NSBI. We're setting up NSBI as the lead economic development agency for dealing with business. So basically, if you're a business looking for assistance, you call NSBI.

We have programs within the department - they're going to work on creating the winning conditions in the climate for business to succeed, but we're creating kind of more of a one-stop shop in NSBI, which was how it was originally created back in 2001 with the intention of being the agency of the province that supports dealing with business.

So what we've done - some of the recommendations from Dr. Traves included the consolidation of trade officers so I've taken my trade officers and moved them to NSBI so now all the people who do trade for the province are in one department or one agency. It just makes a lot of sense. That way you get the economies of scale; you get to specialize; and you get to be able to be good at what you do.

We also removed the ability of the department and NSBI to do venture capital investments, so no more investments from the department or NSBI. Those are being consolidated at Innovacorp that has the expertise to do it, and they're going to be focused on small start-up investments; small investments under \$1 million, for example; a few hundred thousand to help support the start-up of new innovative technology start-ups - not the big investments of \$10 million and these types of things. Sometimes they're not venture capital; they're more like equity investments where you're trying to maintain a company for a long time. That's not the business they're going to be in.

We're also launching a new RFP for the establishment of a new venture capital fund. More than half of new jobs are being created in small, high-tech, high-growth firms. This is an area we need to support. There have been some great successes in the last few years with GoInstant, for example, that had a \$70 million exit, and we've had some others as well. That's an area where we need to have some success.

We also have passed an Act to improve economic development in Nova Scotia, which basically enshrines all these changes I've talked about. We're setting a new direction for economic development where the private sector will lead job creation. We'll create the winning conditions for them to succeed. That's kind of the new arrangement. We're tightening and clarifying the roles around who does what and who approves investments.

We're making the changes to Nova Scotia Business Incorporated Act, Innovacorp, and Film and Creative Industries Nova Scotia Act to enshrine these changes. We've also extended the film and digital media tax credits until 2020. Companies in those sectors were

calling us and saying, it's only around for another year - you're only extending it a year at a time. They're saying, I'm not sure I want to make an investment to set up permanent shop here if I don't know that there is some certainty around these credits. So rolling them over for a decent period of time is important in attracting investment.

Also, we introduced a new capital investment tax credit for leveraging large capital investments. Basically projects over \$15 million are eligible to receive a 15 per cent tax credit. Incenting those types of large investments is important - often large branch plants that establish here in Nova Scotia of international companies, their competition isn't actually other companies in the same sector.

I'll use an example. If you take a company like Michelin, the competition for attracting investment is not a Goodyear plant; it's sister Michelin plants around the world that are all advocating to their head office that the next time you make a big expansion, make it in our backyard. They may be able to put together a business case to those boards or investment committees that makes it attractive and leveraging investment or reduced cost or reduced return, increased return investment from these types of tax credits or other investments make them more attractive so they need to be able to do that.

What we've done, one of the recommendations we're here to talk about today was to create an arm's-length organization to support investments. What we've done here is we've created an arm's-length, independent, decision-making body called Invest Nova Scotia, and Dr. Traves has been announced as the chairman of this new body, that we've got a private sector board as well. We're creating an organization focused on, as I mentioned earlier, creating the winning conditions for business.

What do I mean by that? In the past where we may have been providing direct - there are different ways of doing economic development but one of the ways is providing direct assistance to companies, which we still do on a targeted basis. If a company has a great potential to export, we'll take them on a trade mission. But let's say we're only dealing with one out of every 500 companies doing that; what are we doing for the other 499? That is exactly what Invest Nova Scotia's mandate is, to create the winning conditions for all businesses.

The objectives are, as I mentioned, not about direct assistance to companies because that is going to be in the mandate of NSBI, it is about broad, far-reaching projects that connect to many areas - kind of "the rising tide will lift all boats" type of analogy. The best way to talk about this maybe is through an example. There are about 20 wineries in Nova Scotia, I think wineries are a great economic tool in the province, they create agricultural jobs, jobs in rural Nova Scotia, they have the capability of being exporters if they can grow - if they are lucky enough they can actually sell most of their production in Nova Scotia but they have the opportunity, if they are able to go to export, I think it's a wonderful opportunity.

Now if we've got 20 wineries and you're thinking how do we expand the winery sector, you might say let's just find a good winery and give them \$1 million of assistance to one of those companies. That would be one way of growing the winery sector. Another way would be to approach the winery sector and say what do you need to grow? Let's say they all band together and say we need a better grape that better survives winters, you know maybe investing in research and development to build a better grape that all the growers can equally profit from, that's the type of investment we're talking about when I say creating the winning conditions.

It's investing in sectors that you think have great opportunity, economic diversification, enhancing the skills of the workforce, developing stronger trade links or economic infrastructure, significant capital projects. This is just an example, it's not something that I am suggesting necessarily, but in South Carolina what they do is they actually buy plots of land, plow the field, put in a road, put in the water, put in the sewer, put in the broadband and tell companies that if anyone wants to come here and create jobs, you can have it.

As I said, there are different ways of doing economic development without necessarily giving money directly to companies. As well, the mandate of Invest Nova Scotia will include regional development in areas of high unemployment that need particular, really innovative solutions to try to grow the economy.

Very briefly - I'll finish here - how is it different? It's going to look at sectors and regions rather than support for individual business. That will be led through NSBI; we have a clear separation with NSBI. There will be no role for Cabinet in decision making; the board will have the authority to make the decisions. We won't be allowed to make equity-type transactions, which are uniquely with Innovacorp.

Mr. Chairman, that is the end of our opening presentation.

MR. CHAIRMAN: Thank you very much. I will now open it to questions and we'll start with Ms. MacFarlane.

MS. KARLA MACFARLANE: Thank you so much for coming, I'm really excited to have you here. I think we waited a long time to see your face.

I'm going to start with the board, congratulations on being Chair. I'm really excited about the board, I think it's a wonderful board, the diversity is wonderful. I would like, though, to ask - you spoke earlier about identifying that there should be more arm's length but we do know that Cabinet, Treasury I believe, can have some influence. I'm wondering if you can maybe give me some insight as to what extent they would have influence on the board.

MR. TRAVES: Let me preface my opening comment by saying that the board has just been established, people have been appointed. We have yet to actually meet. We have

our first kind of orientation meeting sometime in the next two or three weeks. At this stage I am not speaking from “this is our established protocol and approach,” rather it’s more general than that. Obviously as we get some experience under our belt, we may move to slightly different perspectives.

My understanding of the arrangements we have in place is that proposals will be brought forward to the board through a variety of different sources but fundamentally they will be screened and worked up by officials in the ministry so there will be a good, thorough review of the proposal and efforts made to make sure that it is as strong as it possibly can be. We will then adjudicate the proposal.

Government will have, let me say, as I understand it, three kinds of inputs into this process: first, we expect to get some policy directives from government in a general sort of way. I think the deputy spoke to that in one sense earlier, oh there should be a focus on sectors rather than on something else, or there should be a focus within regions on regions that have X per cent unemployment or Y per cent opportunities. Those are all, I think, under development now so we’ll get some general guidelines but they will not touch on specific decisions, they will just be a framework within which we will operate.

We will be given an allocation of funds so we can spend on an annual basis X amount of money on various proposals and initiatives. If we get to the point where there are good proposals and not enough money left in the annual budget, we would then go back for additional resources. That obviously would be up to government to decide whether to do that. I think if we ever had a proposal that was of such large import on the one hand and large cost on the other, we would probably have to go because we will ultimately have some kind of ceiling on the individual decisions we can make.

I’m not sure that that has been decided yet but let’s just say it’s \$3 million or \$5 million. So if we had a \$12 million proposal to do X, Y and Z in one part of the province that we thought was terrific, we would have to go forward to get some kind of approval to do that because we were past our limit on spending on a particular project. Those are very general inputs from government and not specific to “you should approve this proposal because it’s a really good idea from my area,” which I think is a big difference.

MS. MACFARLANE: So are the proposals initially coming through ERDT first and then passed on to the board? Or is it set up so that the proposals come to the board first and then if you need assistance from ERDT, they inject their assistance?

MR. SIMON D’ENTREMONT: The board will need the support of officials who do the due diligence. Some of the proposals we’re going to get are going to be - they can require analysis, they may be touching on sectors where we have sector expertise within government. So yes, we will be providing the assistance and doing the analysis for the board, such that the board can get some types of advice in terms of is this going to achieve the objectives, maybe we need some economic advice from economists in terms of some of the drivers, some of the issues that impact this.

For example, let's say we get a proposal that has to do with the fishery; we've got lots of expertise within government, not just ERDT, the Departments of Agriculture, and Fisheries and Aquaculture, where we can provide this type of advice and support as well.

MS. MACFARLANE: Can I just follow up, Mr. Chairman, with that?

MR. CHAIRMAN: Real quick.

MS. MACFARLANE: Okay, really quick. So I understand we're going to have assistance from ERDT with advice, as well as in the Act it says that the board may engage in professional consultants as well. Is there a budget laid out for that extra help through professional consultants yet?

MR. SIMON D'ENTREMONT: We don't have a specified budget yet but we will be making an allocation and having an arrangement for that.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

HON. DENISE PETERSON-RAFUSE: I have several questions that link together. First I want to thank each one of you for the work you've done in the province in terms of economic development. I know it's not an easy course and thank you very much for your report. I think it's very important for us to have a strategic plan. I know the challenges of having long-term planning so I hope that works out, and thank you for that.

I want to just focus a little bit on the new investment - the capital project investment that you mentioned with the \$15 million tax credit and equalling like \$30 million per year annually out of our budget for that. I know it's new, but if that was in existence over the last number of years, could you just list off some companies in the province that would actually be eligible and have that type of dollars to be able to apply for such a tax credit?

MR. CHAIRMAN: For Hansard purposes, could I introduce you before you speak - just for Hansard.

Mr. d'Entremont.

MR. SIMON D'ENTREMONT: These are companies that are currently eligible likely for the federal Capital Investment Incentive; there is one that exists. We're working the program to be married up and to be harmonized with that program so companies that are currently eligible for that federal investment tax credit would be the ones that would be eligible. They'll likely be in processing and manufacturing sectors; that is the sphere around which the federal investment tax credit was created.

Often they will be large plants processing product, manufacturing products. We have probably a greater distribution of these types of companies outside of HRM than in HRM, although HRM certainly has its fair share.

MS. PETERSON-RAFUSE: Would it be fair to say Clearwater would be eligible, Louisiana-Pacific, Michelin - I'm just trying to get some names that we would recognize.

MS. LILANI KUMARANAYAKE: We're doing this in collaboration with the Department of Finance and Treasury Board. Currently what you have is the federal Atlantic Investment Tax Credit, which kind of defines a full circle. Currently, the Department of Finance and Treasury Board is in the process of defining a smaller subset of that circle because really what we're looking at is trying to incent capital investment that has economic development benefits. We're working through that process right now.

One of the issues around the tax credit, currently from the federal Income Tax Act, is you can't disclose who receives and that's kind of why we've had a discussion around how we can move forward given the federal constraints. That's something we're working through in terms of the regulations.

MS. PETERSON-RAFUSE: Because this is new, because of the promotion of being transparent, you're working around how to do that. Now if you are not successful with clarifying that with the federal government, can you not still state the number of companies per year and how much has been given to those companies and what sector they belong to?

MS. KUMARANAYAKE: Yes, we can do that. We're anticipating being able to put in a process that will allow for transparency, similar to the reporting that's currently in our accountability website. That type of reporting happens at the end when there is an approval. Similarly, when you apply for a tax credit, that's not when it will be reported; it will be when it's approved.

MS. PETERSON-RAFUSE: So any idea when that might be . . .

MS. KUMARANAYAKE: That's the process that we're currently in, in terms of that. Because we're anticipating a large - these are really designed for large investments. There are programs already in the department and administered by NSBI for smaller businesses. The larger programs - it's anticipated to be multi-year, so we'll have multi-year reporting.

MS. PETERSON-RAFUSE: Just one quick question, if I may, to tie this in.

MR. CHAIRMAN: Very quick.

MS. PETERSON-RAFUSE: I know the significance - you're talking about very large businesses that have the ability to invest \$15 million in equipment and the importance of what you're saying of economic development. Now the other aspect of that is the critical need for jobs. Was there any conversation about tying this tax credit also with job outcomes? That seems to be very important, that incentive be put in place. If you receive

this tax credit - if you're going to be developing and expanding, there should be more jobs there, so is there any potential that you may do that? If not, why not?

MS. KUMARANAYAKE: Part of the world that we're working in is that companies may wish to innovate, use this tax credit to innovate, expand. The demographics of Nova Scotia suggest that our labour force is going to substantially decline. We hope we can reverse that as other initiatives but fundamentally what we're anticipating is that our companies, in terms of the types of capital investments they want to make, will be ones where they can supplement where folks are available.

What we will be looking at in terms of the tax credit is what the intended economic development benefits are. We don't want to tie people up. With a tax credit, the way it works, it's not like a program, with tax credits you essentially just set the boundaries and anyone who qualifies - so this is the playing field, anyone who qualifies is eligible. So we need to be careful to have relatively clear boundaries and that's the process that we're doing right now.

MS. PETERSON-RAFUSE: Thank you for very good answers.

MR. CHAIRMAN: Ms. Eyking.

MS. PAM EYKING: My riding of Victoria-The Lakes has actually the largest number of small jobs per capita. People find it hard to believe that it's all rural. I'm just wondering how you will be able to help small business.

MR. SIMON D'ENTREMONT: I think one of the real advantages of having Invest Nova Scotia in the sectoral approach is actually the ability to support small business. What happens is that in creating the winning conditions sometimes you need to invest in innovation, R & D, and infrastructure. These are investments that large companies are able to make because they have the cash flow and the ability to do it that small companies don't - they don't have the critical mass or the economies of scale to build big R & D plants, labs, testing, and infrastructure.

There may be times when a number of companies want to come together in consortia of some kind and say we'd like to have some infrastructure we can all share. A good example of that is a project we supported last year called the smart buoy, which is basically the Department of Fisheries and Aquaculture, Transport Canada and a few others approached us, as well as the Halifax Marine Research Institute which represents a number of small companies working with Dalhousie in the oceans technology - a lot of companies with acoustics, marine sensing, and so on.

What we've done is we've put, I think \$250,000 into a project to build a smart buoy which costs up to \$1 million. Not all these companies have the ability to put a buoy out there with satellite technology, weather forecasting systems, to be able to hang their acoustic marine sensors on. Basically a number of companies, working with government,

created this buoy and any of these companies that are members can attach their acoustic marine sensing equipment to this one buoy. We provided \$250,000 in assistance and maybe up to 50 small companies in Nova Scotia have the ability to take advantage of that investment. That's just an example of how I think creating the winning conditions for small business is one of the real opportunities for the Invest board, especially where there are large investments needed that small companies have the size to do on their own.

MR. CHAIRMAN: Mr. Orrell.

MR. EDDIE ORRELL: Thank you very much. I was very interested in listening to the presentation where we're going to change our focus from individual businesses or companies to regional or sector development. I guess I have a specific question because it has been something that has been a hot topic here in the province lately, the *Nova Star* ferry. Through the Jobs Fund I understand there was \$21 million allocated for the running of the ferry. My understanding is that that money was spent, plus there was another \$5 million added to it. Does that come from the Jobs Fund or from the new Invest Nova Scotia fund? If it does come from the Invest Nova Scotia fund, who would decide the extra money, I guess? We're talking a larger amount of money than we had indicated with an example.

Who would decide that and where would that money come from, if that was the case today?

MR. SIMON D'ENTREMONT: I can take that. That investment wasn't from Invest Nova Scotia, we've made no investments and the board will have full authority on that. We've historically had a mechanism called development agreements within the department that gives us the ability to do these types of things, where there's some kind of broad-based infrastructure requirement. We've used it in the past for the Cape Breton Rail arrangement we have, the Digby-Saint John ferry arrangement we've had. So the ability to provide assistance to create this type of infrastructure, we've always had within the department under the terms of development agreements and that's what was used.

MR. ORRELL: So in future development, if we were to decide we needed a ferry to run from wherever to wherever - Tancook Island - or if the *Nova Star* ferry needs more money now, that will come from the Invest Nova Scotia fund or would it still rely . . .

MR. SIMON D'ENTREMONT: Or continue to use these development agreements as we have traditionally in the past. If this is a decision that the government wants to do it, we won't send it over to Invest Nova Scotia for them to do for us. If government makes a decision they want to do something, we'll use our existing program to do it. We won't push it off to Invest Nova Scotia and say, we want you to do it for us. We want to maintain their independence and their ability to do things if they so choose.

MR. ORRELL: So something of that nature would never go to the Invest Nova Scotia fund; that would still be under the control of government?

MR. SIMON D'ENTREMONT: It would traditionally. There might be some unknown opportunity in the future, some kind of important piece of infrastructure that for some reason we think might be appropriate for Invest Nova Scotia - I'll make one up.

Let's say all the food companies in Nova Scotia - say we want to export to China and we all need refrigeration. We need that cold chain connected from our plants where we freeze our blueberries and our strawberries and our pies all the way to China, and somewhere between the port and the airport there is no place to store cold food.

If they all came together, bundled us together and said, these hundred companies are all dying for a cold storage warehouse where we can keep the cold chain going for our product to China and they all thought it was the greatest thing since sliced bread, there's no reason that couldn't be sent to Invest Nova Scotia to look at as an innovative place to make investment to kind of create the climate for success for these companies, but not usually if it was one company saying, I need a cold storage locker. That's a one-company arrangement that they'd go to NSBI and use the regular programming that we have there.

MR. CHAIRMAN: Ms. Zann.

MS. LENORE ZANN: Good morning, nice to see all of you. It's nice to see you too, Dr. Traves, in a different job - a different day, a different job. We know each other from when the Dalhousie campus was being transferred from the Agricultural College to Dalhousie, which seems to be going very well. Thank you very much for your assistance with that.

Dr. Traves, your report says that your first recommendation was: "The government should create an arms' [sic] length capacity with an independent board to manage business investment decisions from the Jobs Fund." So when the actual Invest Nova Scotia legislation was introduced back in April, I noticed a clause there, Clause 29, which states:

The Minister may, for and on behalf of the [sic] Her Majesty in right of the Province, and in accordance with the processes and approvals set out in this Act and the regulations, execute all agreements or other instruments that the Minister considers necessary or desirable to provide the economic development incentives from the Fund approved in accordance with this Act.

Do you mind describing how a proposal would make its way from, say, the doorstep of Invest Nova Scotia and then all the way to final approval by the minister at the Treasury Board?

MR. TRAVES: I will start, but I have a feeling my colleagues would be better placed, but if we could, just on the basis of the cold storage example, which I think is a very good type of illustration.

At some point if a proposal like that came our way and we agree that we should do something about it, and we agree that we're going to put \$3 million towards the \$10 million that it's going to cost to do this and somebody else is going to get the rest of the money from somewhere else and so it's a done deal from our perspective, I think that language speaks to - I mean, I don't personally write a cheque for \$3 million on behalf of the government. Somebody in government has to execute this decision and so I think that language speaks to that process.

I'm assuming when it says "the Minister," it means the minister and his officials through whatever processes the government has in place for funding such projects and ensuring all the usual legal accountabilities around that.

MS. KUMARANAYAKE: You can see the way that the Act and the board have been set up - the board is a decision-making body. It's a little bit different than, let's say NSBI, where the NSBI board both decides but is responsible to oversee the management and the implementation.

The way the Invest Nova Scotia board has been established, they are decision making and once the decisions are made, subject to budget authorities, the department has the responsibility to implement, to make sure they are evaluated and to report back to the board. That clause is really the legal way of saying that.

MS. ZANN: So I guess you're saying you don't really see the concentration of the decision-making power as an issue.

MS. KUMARANAYAKE: There is no decision-making power for the department. Essentially the board has to provide an approval. If, as Dr. Traves has said, it's beyond the budgetary allocation to the board, then we'd have to go to Treasury Board and see if there are funds but that decision is completely up to the board.

MS. ZANN: That's interesting because the government has stressed that an important feature of the Invest Nova Scotia Board is its actual independence from government and that Cabinet will no longer have a say in economic development decisions. It seems to me to be more clear from the Act that these decisions will actually be made largely by the minister, or at the very least the Treasury Board, which is even smaller than the Cabinet. So wouldn't you agree that this Act gives the minister more decision-making power than the previous arrangement with the Nova Scotia Jobs Fund?

MR. SIMON D'ENTREMONT: Yes, I'd say that Clause 29, for example, gives the minister the right to execute all the agreements. So the arrangement is they make the decision and we have the power to execute the decision that has been made by the board. So it's giving us the authority that once the board has made that decision, to go do the things. Like Dr. Traves said, he doesn't have the ability to sign the cheque.

MS. ZANN: Could he say yes or no, the minister?

MR. CHAIRMAN: Ms. Zann, it's over on the other side now.

MS. ZANN: No? He couldn't, okay, thank you.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: I'll stick to one question. I like the Opposition's questions anyway, personally. It's very interesting, and thank you very much for being here. I think we've all anxiously awaited a change in our economic development driver and I certainly commend you for your report. I am also quite pleased that we did accept all the recommendations and moved forward. Interestingly, probably over the last eight months on the floor of the Legislature, it has been brought up several times and I think in a lot of ways we've all had good questions from both sides of the House on how we are going to move forward.

It has also been, I think, a little bit of a level of curiosity, and when I say that, curiosity out of the way that things were done in the past when some of the questions that have been raised here today, those decision-making processes were the processes that were followed. I think there's a little bit of uncertainty to make sure that Cabinet or the minister is not the one making the decision.

I appreciate those questions because clarification on that is important, I think, not just for the Opposition but for the people of Nova Scotia who in the past have seen a different direction, so I commend you for that. We are all going to anxiously await - the next few years are going to be our tests on how successful this is. I feel very confident it is a good route.

My question revolves around - you did touch on it - it has two pieces; the One Nova Scotia report, certainly that was a key document that came out. I know you did a scan of other jurisdictions and best practices and that, but within that report it certainly emphasized that a healthy rural Nova Scotia - I like to ask questions about rural Nova Scotia and represent that portion of the province that I think needs a lot of help. The report certainly did state that rural Nova Scotia needs to be healthy for all of Nova Scotia to be healthy.

Within the One Nova Scotia report, what did you see as part of that report that helped you craft your report? What portions within that, that would affect rural Nova Scotia, did you see this decision making assisting rural Nova Scotia?

MR. TRAVES: I'm trying to think back to the One Nova Scotia report, which I obviously didn't write and had no part of. Let me just say that as I was developing my own set of thoughts and issues in my mandate, I did talk with Ray Ivany about the report. It was about to be introduced literally within days. I never saw the report in advance, but I did have an opportunity to discuss some issues with him. We were certainly of one mind

around the kinds of things that I was working on and so I feel that my recommendations were consistent with the commission that did the One Nova Scotia report.

I think that they emphasized the independence of decision making, if you like; the de-politicization of economic development decisions. They emphasized some of the investment levels; the streamlining of government programs. I think all of those things that were in my report are completely consistent with theirs and actually in a few places in the report I quote - because before I finished my final draft, the report was out so I had an opportunity to read it and incorporate some of their language into my report as well, so I think there was a high degree of consistency.

Their comments about rural Nova Scotia - obviously there are many challenges in rural Nova Scotia and I think that their emphasis on essentially capacity building - on building sort of enabling capacities that would allow communities to sort of move forward with the resources that were to hand, I think were entirely consistent with my observations and I think with the mandate of the Invest Nova Scotia fund.

I'll cite one example, it occurred outside the framework of this discussion entirely, but to me it was a useful example in lesson learned. When Bowater closed, there was a task force that was set up by the province to look at the challenges for Lunenburg and Queens Counties. That group engaged deeply with the community. There was a lot of consultation; a lot of discussion. That was a group itself that was multi-departmental in its organization, so there were people from many parts of the provincial economic development engine in the sense that there were people from ERDT, but there were people from Natural Resources and other ministries who participated in that committee to review the challenges.

At the end of the day they came forward with a series of suggestions and recommendations, which then wound their way through in terms of specific policy developments that occurred subsequently. To me, that seemed a very useful way of thinking about some of the challenges in rural Nova Scotia. So having a single program - I don't believe there's a single program that can solve the problems of rural Nova Scotia. The issues are complex. They require a sort of multi-pronged response, and so a number of different agencies of government have to sort of come together outside the silos and focus their attention.

There is a lot of capacity in government, both in terms of the individual expertise lodged in the different ministries as well as obviously the financial capacity, but it has to engage with communities. So I think the Invest Nova Scotia Board - to the extent that such a problem came forward in the future, and obviously I'm speaking just generally because I have no idea what kind of problem it would be or what our protocols would allow, but I could see, for example, if such a similar problem came forward and there was some discussion about - let's take the facilities of the old plant that is now being shuttered up and do some development work on the possibilities of what could be done there in co-operation with the community and so on. That would involve a lot of consultants. That would involve

a lot of task force review; a lot of community consultation. That would cost money and I could see the Invest Nova Scotia Board engaging in support of such a program and some of the initiatives that would come out of that.

Obviously I'm speaking here in a very general way and it would depend on the particulars, but I think the lessons that we've learned from that particular experience and some of the go-forward activities that have emerged in the wake of that are highly instructive and should be considered in other situations.

MR. CHAIRMAN: Thank you. Ms. MacFarlane.

MS. MACFARLANE: My question is for Mr. d'Entremont. I just want to go back to the development agreements with the *Nova Star* ferry. I just want to state for the record, though, I am in support of this ferry. I don't know of anywhere in the world where public transportation is not somewhat subsidized. However, we are all concerned about to what extent should we financially invest in this.

We know that the original \$21 million came from what we call development agreements. I would like you to clarify where the last additional \$5 million came from, as well as is there any discussion yet around what Nova Scotia taxpayers will have to pay out next year to ensure that that service remains?

MR. SIMON D'ENTREMONT: If I can clarify, the first \$21 million actually came from the Jobs Fund and the next \$5 million through development agreements.

In terms of next year we're currently working with Nova Star Cruises to identify, number one, we're looking into the past year to do an analysis. We've hired KPMG, a ferry expert at KPMG, and we're doing our own analysis on analyzing the results of the year to see whether or not there are any best practices, lessons learned. We're consulting with some outside ferry expertise as well and we're trying to define for next year how we make the system better, also at reduced costs wherever possible, for the taxpayer who is very interested on where their taxpayers' money is going to make sure we're getting the maximum benefits for tourism out of the service and so on. We're doing that work right now.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: My question is for Mr. d'Entremont also. It's to follow up on what my colleague was asking because I just need a little bit more clarification. With respect to the flow of decision making with Invest Nova Scotia, am I correct in interpreting what you've said to date that all the decisions will be made by Invest Nova Scotia, therefore, as those decisions go through the system, that the minister has no veto powers to say no, I'm not supporting that?

MR. SIMON D'ENTREMONT: That would be correct.

MS. PETERSON-RAFUSE: The Treasury Board also has no veto powers, except for the financial component? So if it was a project that the budget was not there, it goes to Treasury Board and they could make a decision, based on the financial component, but if the dollars were there - when does it go to Treasury Board? Just when there's a question of dollars? So if there's no question of dollars, it bypasses Treasury Board?

MR. SIMON D'ENTREMONT: That's essentially correct. The Treasury Board analysis would be based on - their work would be to make sure that the spending power there is available, to make sure the board can spend. The board will be given a spending authority and within that limit can spend up to that spending authority without the approval of Treasury Board.

The old process where things would go to Cabinet would allow Treasury Board to see what was going to Cabinet and start adding up the bill. Right now we don't have a system whereby Treasury Board is looking at it on the way to the board. So we do need a mechanism that when the numbers get large and beyond the budget, that Treasury Board has a look at it because it wouldn't be fair, for example, for the board to make a commitment of \$100 million on behalf of Nova Scotia without Treasury Board saying we think that's okay. So within their spending authority, there is no involvement. When we exceed the spending authority, they would have involvement to make sure . . .

MS. PETERSON-RAFUSE: Just one follow-up, if I may just quickly. When would that information be put on the website? As soon as Invest Nova Scotia has made a decision and what's that process? Does that go to those who are putting it on the website before it even goes through the minister's view? Can you just give an explanation?

MR. SIMON D'ENTREMONT: Actually if I may refer that to Lilani.

MS. KUMARANAYAKE: How things are put on the website is established by legislation in the Accountability in Economic Development Assistance Act. The way the Act is worded is, let's say if something was approved by Cabinet and you had an OIC, then you have to post it within 30 days of the OIC being signed.

If you have transactions that are not approved by Cabinet, you have to post within 30 days of the agreement being executed between the two parties, so within 30 days of that. So you can see currently on our website that within those 30 days, there are several transactions that have been posted.

MR. CHAIRMAN: Mr. Jessome.

MR. BEN JESSOME: Over the past year since I've been involved it's constantly emphasized of creating the environment for business to succeed in the province. I guess with respect to small businesses collaborating on some form of a large-scale investment

with regard to infrastructure similar to your refrigeration example, I'm wondering what's active in the department and are there any future initiatives with respect to fostering a positive environment for small business to collaborate on potential initiatives?

I find in my community in particular, or in conversation with small businesses, there is a frustration with regard to what is available, how do we access the information and how do we get things moving forward? What's on the horizon for collaboration with respect to these larger scale investments?

MR. SIMON D'ENTREMONT: You raise a great point there that if Invest Nova Scotia is going to focus on creating the climate for success and we want small business to be a beneficiary, we won't be doing small deals with every small business in Nova Scotia. We need to find ways where small businesses can come together in consortia or be represented by other organizations.

We do actively work with business associations and sector associations. I think the sector associations are going to be a huge opportunity for us; Aerospace and Defence Industry Association of Nova Scotia, we have a wine growers association, and we have the Mink Breeders Association. These are corporate bodies that can approach us on behalf of their membership looking for activities that their membership thinks as a collective are good for them. We deal with these associations on a regular basis. We have a relationship with the digital economy.

For some of these organizations we provide funding for projects. They come to us on a regular basis with - we have this great idea that's good for our membership. The reality is our funding mechanisms are for \$50,000 here and \$30,000 there. We don't have the resources to do the big infrastructure plays.

There are a couple of other areas of things going on that I think could be helpful for small business. The regional enterprise networks that are being created around the province to replace the former system of regional development authorities will be representing business and as well in working with municipal governments. I think municipal government is another area where - municipalities are getting more and more interested in economic development, compared to some of their traditional infrastructure for their community. They're coming forward and saying, on behalf of citizens in their community, they're interested in investing in infrastructures.

I can see municipalities coming to us and saying, we think sector-X is strategic for our municipality or us and a few municipalities together, and saying, we'd like to throw money into - I can think of a couple of examples where municipalities are willing to throw money into a pot and they're looking for a partner to help fund some kind of infrastructure for communities.

We're talking to universities as well. The universities are showing a keen interest in being drivers of economic development in their geographies. Acadia University is doing

things for the wineries. They've got 85 research projects, I think, going on there. The Université Sainte-Anne just two weeks ago announced they're building a lab in collaboration with Comeau Seafoods that other businesses are saying, I'd like to be able to take advantage of that lab because I don't have the capacity to build my own lab. So we have that as well.

Again, we have NSBI taking the lead for clarity for small businesses in terms of - who do you call? If you're a small business looking for assistance for your one-off, you call NSBI and we're trying to make that clearer as well. Less is more a little bit sometimes when it comes to the number of contacts that you have.

MR. JESSOME: I appreciate that answer.

MR. CHAIRMAN: Mr. Orrell.

MR. ORRELL: I guess this is kind of a planning question. We know it's going to take some time to get the board up and running, to get off the ground. I guess it has been mentioned a couple of times that it will probably meet once a month. Will all the applications for - I'm hoping there's lots, I guess I'm assuming there's going to be lots - come in and be dealt with at that one meeting.

I guess the second part of that would be, if something came up that was really time-sensitive that would require the board to reconvene and go earlier than that, would that be considered and get a timely answer, I guess is my question? Could you clarify that for me?

MR. TRAVES: Absolutely. Our expectation is that most projects will require some preliminary study so they can be dealt with in an orderly fashion and they will come forward as the studies are completed. We have already, sort of in a preliminary way, I've talked with the deputy and some of his officials about how I imagine this process coming forward. So there will be a funnel of many project ideas. They will come forward, they will be reviewed and some workup on them.

I would expect that the board would be advised of all proposals, even those that basically were seen to have no merit in terms of the mandate of the board or the business case behind it. We would, at the same time then, be apprised of sort of what's in the pipeline because it's important, if we have a limit on our spending, we have to be careful not to spend it all in February and not have any more money in December. We do have to have some sense of the flow of proposals that are likely to be coming forward.

I think in most cases there will be kind of a capacity to just take - the first part of your question - a kind of systematic review and monthly meetings would be quite sufficient. But obviously if there was something that was urgent and it was very time sensitive, there would be no reason that the board couldn't convene itself. It's not a statutory requirement that it be one month, it's just sort of bureaucratic sensibility of this is

a sensible way of doing this. But if it requires some special meeting, then special meetings will be held.

MR. CHAIRMAN: Mr. d'Entremont.

MR. SIMON D'ENTREMONT: If I can just add my own personal experience with these types of projects is that approval of this type of project usually is not an event, it's a process. The genesis of an idea to actually getting it all ready to go usually takes - it's not uncommon to take several months. For example, the cold storage example, they wouldn't just show up one day and say we want this. They would have a meeting, they would say we've got a problem, how are we going to fix it? They'd call us, say we're looking to fix this, would you have something to help us? We'd say yes, we have a program, we'll need to have this information.

They'll go back, do some work, so it's a process that will go on. Usually I would suspect at one meeting with the board and Dr. Traves that we'd be saying we're talking to these food producers and they've got a cold storage problem. That project is probably coming down the pipeline later on and they'd say yes, we think that's great, or they would say as a board, that's not the way we want to go, that's not the direction we're headed in. Then we'd be able to tell proponents to pursue another opportunity. I think there will be a lot of pipeline discussion.

MR. ORRELL: I guess that would be something like the railroad in Cape Breton where they were going to abandon and it was a time where they needed to know right away.

Anyway, further to that question, the applications are coming in, you're going to have staff who will take those applications and process them and have them waiting for the board to meet? Or will they go to the Department of Economic and Rural Development and Tourism first, to be put in that pipeline, I guess. So how are they going to be received, I guess, is my question?

MR. TRAVES: We are going to run a very lean operation so we will not have our own staff; ERDT will essentially perform the staff function for us, although to go back to an earlier question, if at the end of the day we had a proposal - and I've been involved in these kinds of discussions in other boards that I've been on, where there's some division of opinion about whether this is a good idea or not and there's some debate about some aspect of the merits and we have a staff assessment that says it's good, but let's say a significant group in the board says I'm not so sure about this, I don't read the numbers the same way, whatever the case may be, that's where we have the independent capacity to say I think we should go and get our own outside, third-party assessment of this. We have the capacity to have that kind of extramural staff input from accounting firms or legal firms or whatever seems to be the necessary expertise that we need.

In normal cases I would expect that the advice, the assessments that came forward from the ministry would be sufficient for us to then consider the case on its merits.

MR. ORRELL: That's good, I was glad to hear that. Thank you.

MR. CHAIRMAN: Ms. Zann.

MS. ZANN: You may recall when the NDP were in government one of the things we did to try to help small businesses was lower the small business tax rate four years in a row. I noticed that just recently the new government has commissioned a review of taxes and fees. The recommendations in that report included lowering corporate taxes and raising taxes for smaller businesses.

I've got a question for you, do you see lowering corporate taxes as a good tool for economic growth? Would it be possible for you to provide the names of companies that received the federal Atlantic Investment Tax Credit over the last few years? I believe Lilani mentioned that that tax credit has the exact same terms as the Nova Scotia capital investment tax credit. How will you disclose the details of that as you go forward in a transparent and accountable way?

MR. SIMON D'ENTREMONT: I can take that. A competitive tax regime is always good, and different jurisdictions have different ways of coming out with tax regimes. The recommendations of the consultant on taxation, her report is independent and outside of government and government has decided they will take the time to review the report, its recommendations and make sure they come up with a good response. That response will come out in time, in terms of what government policy will be on taxation and how we tackle that.

In terms of the names of the companies that received the former federal investment tax credit, as Lilani was mentioning, actually one of the situations we're dealing with - and correct me if I'm wrong, Lilani - is that under the current regime of tax regulation we're not allowed to disclose who receives tax credits. We are working through that with the new tax credit to try to see what mechanism for accountability we want to do. We are working against the grain of the system, the original tax system we're working under is designed not to reveal who gets tax credits and tax benefits.

MS. ZANN: That doesn't sound exactly very transparent to me. I think it would be very good if you could work on that.

MR. SIMON D'ENTREMONT: We are trying that.

MS. ZANN: Thank you. Also, do you actually see lowering corporate taxes as a good tool for economic growth in Nova Scotia?

MR. SIMON D'ENTREMONT: I think an effective and competitive tax system is part of the suite of things that you need for companies to succeed. For example, when NSBI knocks on doors to try to get companies to come to Nova Scotia, even as times change companies are looking for different things. Twenty or 30 years ago the Holy Grail of economic development was to have an empty building somewhere and people would knock on doors and say I've got an empty building if you want to come to my building.

As we move to the knowledge economy more and more, people are interested less and less in buildings and more and more in people. I remember talking to Stephen Lund a couple of years ago, a former CEO of NSBI, and I said, when is the last time someone asked you for a building? He said it has been years since someone asked for a building. They ask the same question, actually, do you have the workforce that I need to grow my business if I locate in your jurisdiction?

While effective taxation, competitive taxation is part of the tools of supporting economic development, there are lots of other things, like a workforce, low red tape environment, low regulatory - easy to understand and predictable regulatory systems. For example, companies can wait six months for their permit if they know it is going to be six months. So predictable regulatory frameworks are part of the suite of tools that you want to be competitive.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Like my colleague, Mr. Wilson, I have a great interest in the rural development. I noticed there was a vacancy still on your board, the document I have has Mr. d'Entremont as filling in.

MR. SIMON D'ENTREMONT: Actually no, I have a permanent, non-voting position.

MS. KUMARANAYAKE: It just says "NA" right?

MS. LOHNES-CROFT: It says vacant on the report that I have right here in front of me.

MS. KUMARANAYAKE: That may be an error, we've actually appointed the full complement of the board. I don't know where the document . . .

MS. LOHNES-CROFT: I see no one from my part of the province so I'm very concerned about that. Digby is about the only one going towards the south part of the province. Why was that not considered?

MR. SIMON D'ENTREMONT: Geographic considerations were considered as part of the competency matrix that was built that describes the types of things that we want on the board. We want geographic representation; it doesn't necessarily need to have every

region covered the same way, but we do have - a competency matrix includes that we want business people on there; we want people who have experience in certain resource sectors and so on. We've also set up the board with - correct me if I'm wrong here - expiries that are staggered so that as vacancies come forward we of course will look at the matrix again, and if there are regions that we find are under-served or that we need a different geographic representation, we can always take that into account.

MS. KUMARANAYAKE: The reason why it's noted as vacant is the only way that the Executive Council office software could put in Deputy d'Entremont - because he is there by virtue of his position - that position doesn't follow the normal appointment process. The deputy sits ex-officio as a non-voting member of the board. That "vacant" I think is just their holding spot.

MS. LOHNES-CROFT: So how does someone like me make sure that my part of the province is well represented on your board?

MR. SIMON D'ENTREMONT: Interventions can be made to the Chair in terms of advice in terms of future appointments. The representation of regions was more designed to be people who can effectively represent the sample of what - the reality is there is no way to effectively represent every region in the same way.

MS. LOHNES-CROFT: There are two from Cape Breton and none from the South Shore. I guess I just look at it - we tend to have bureaucrats in Halifax making decisions for rural Nova Scotia, which I don't think they have a concept of life in rural Nova Scotia. I really do have a concern about that.

MR. SIMON D'ENTREMONT: I think approximately half the board is outside of Halifax and they are there to represent the regional interests - not necessarily to go there and defend their geographic region or territory. They are there to represent a sample of regional interest and to be conscious and knowledgeable about regional issues - things that impact regional business and I don't think are an impediment to good projects from your region coming to the board and getting a fair representation.

MR. CHAIRMAN: Ms. MacFarlane.

MS. MACFARLANE: My question is for Dr. Traves. We know that the desired outcomes for the investment fund through your board will be - its main goal will be job creation, economic growth. I'm just wondering if you have any idea or if it's already set - like any type of criteria that would be in place to measure the merits of the outcome. If so, will these decision-making factors be included in an annual report and made public?

MR. TRAVES: Let me answer the last comment first. I think that's a good suggestion. Obviously we haven't made a single decision so having an annual report thought is very early, but the idea that we should explain the criteria by which we make decisions is a good one. As our experience grows, it seems to me, again in the interest of

transparency, we should be making that essentially public so people who think about coming forward should have a sense of whether or not (a) we're the right place to come to because we have jurisdiction over some activity; and (b) whether they fall within the prospects of success. There is no point in wasting your time if you don't believe you have a chance of success because we've indicated the rules and you don't meet the test. I think your suggestion is a good one and I would actually like to see that go forward ultimately in some public way in advance.

Beyond that, I'd just like to make one observation and it's a subtle one but I think it's important. You used the phrase - and I'll just use your words, but other people have actually done the same thing - you said our mandate is to create jobs and economic development. I would quibble - and it's not just quibbling around words, it's about intention. Our mandate is to encourage economic development. Policies don't create jobs; companies hire people to do jobs. Proposals should not be evaluated simply on the basis of whether it is going to create more jobs. If the job is created and the company folds a year later, you've done nobody any great service by creating a temporary job that gets people's hopes up and then dashes their hopes.

I think our emphasis would be on sustainable development. If you have successful companies they will create as many as they need in order to be successful in the future. So if their capacities grow and their ambitions grow and they see new markets for their products and so on, they will basically hire on more people as needed. It seems to me that that is the right way of approaching it rather than saying we've got to create so many jobs, what can we do to create these jobs? I think that leads to some of the issues, the challenges we've had in the past.

I'm not finding fault with those decisions because inevitably they are complicated and I don't know all the details but I think it's a matter of emphasis so I would actually just say our mandate is economic development. I think a successful economic development strategy probably creates lots of jobs but that's not the first stopping place, that's the result rather than the purpose, if I can sort of draw that kind of distinction.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: Thank you. Before I start my question I do have to support my colleague from Lunenburg. I really would encourage you to take a look at your membership again. I mean the South Shore, if you look at what's taking place now in the economy, what has taken place with respect to Bowater, et cetera, I think it's critical to have representation from that area. Thank you to Suzanne for bringing that up.

I have two quick questions. One is about the legislation that was introduced in the Spring when creating the Invest Nova Scotia Board. There is a provision in there that allows the board to hand out contributions and government-owned land. Can you give me an example of what you would think that would look like - what types of contribution besides land that may be awarded? Has there been any thought to that?

MR. SIMON D'ENTREMONT: I can maybe start off and Lilani might have some more on who is involved in some of the more technical discussions, might have some other ideas. Government does own assets at times. We own excess buildings, we own excess land. If part of the winning conditions in creating the cold storage facility was that there was a strategic piece of land right by a highway or next to the airport that happened to be owned by government and facilitating that would mean us contributing our land as part of the deal, I think we'd want that technical ability to do that. I don't know, Lilani, whether or not you have other examples.

MS. KUMARANAYAKE: That was exactly the intention, it's to be able to do some of those.

MS. PETERSON-RAFUSE: That's good, give more flexibility. Just one quick one - I need to ask this because community forestry is very important in the South Shore and in Chester-St. Margaret's in particular and in the Liverpool areas. It is one avenue for opportunities that fit in very well with the Ivany report, of taking your natural resources. I'm just wondering, who from ERDT will be working with DNR for that? It is critical that we don't have these silos in these projects; we need to overcome that. Do you have somebody who is working with DNR that can let us know who that is?

MR. SIMON D'ENTREMONT: Sure, we have people in Michael Johnson's shop who are running investment trade as well as . . .

MS. PETERSON-RAFUSE: Pardon, who was it?

MR. SIMON D'ENTREMONT: Michael Johnson, the Executive Director.

MS. PETERSON-RAFUSE: So we would go to him?

MR. SIMON D'ENTREMONT: Yes, some of his staff were working regularly with DNR. We're looking to drive forestry innovation and next generation uses of forestry infrastructure, so Innovacorp as well is working with the Innovacorp Demonstration Centre, the Bowater site, to drive innovation in the forestry sector.

MS. PETERSON-RAFUSE: I'm just wondering, is there a way to have a better flow of communications with the MLAs in terms of that? I do find that unless we ask, we don't know and then - I guess it's even for most departments; it's just to know what is going on in our own areas that we're representing, especially on projects of this nature. It would be nice to be kind of brought into the discussions. Is that possible through ERDT for projects since that's your bailiwick?

MR. SIMON D'ENTREMONT: That's something we can look at. It's a complex piece of work because we don't know what you're interested in and you don't know what we're working on, and government is a big place so trying to find the marketplace where we're going to meet and know which projects you're interested in.

MS. PETERSON-RAFUSE: Almost if we had a representative - like Nova Scotia Power provides us with a key person who we can get in touch with. Even if it was something like that where someone would meet with us once or twice a year to see where our interests are and what's happening in our area. I would think that would help out with economic opportunities.

MR. SIMON D'ENTREMONT: I think that's something I can raise with the minister and we can talk about whether or not there is some mechanism we can have to ensure better coordination.

MS. PETERSON-RAFUSE: Thank you, Mr. Chairman, I really appreciate it.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: You should thank me, you cut in on my time. (Laughter) Just to go back and make a statement also on Ms. Lohnes-Croft's and the comments by our compatriots across the floor about representation on the board; I will come to the defence of Kenneth Deveau. I know him personally. I think we're well-represented by him in southwest Nova Scotia. Kenneth is a very capable fellow. I think you have to remember this also, that he fits into that suite of thinking that we have in the province of integrating our academic strengths that we have in our universities to our private sector in economic development. He is with Université Sainte-Anne.

To complement that, I must also say not only is he with Université Sainte-Anne, but he sits next to Allister Surette who is another person I'm sure that keeps their finger on the pulse. I know they do. Allister chairs the new WREN for the municipality down there - a very capable person.

The panel had also touched on just the recent announcement that we had, which is a good example of what they bring. Kenneth was very involved in the development with Université Sainte-Anne and Nova West Labs/Comeau Seafoods in that sandbox development that we had for R & D that touches a lot of resource sectors and builds a tremendous synergy within the private and the academia sector there. So although we only have one, I think we have a very good one, I'll say that - so just in defence. (Interruption) Well instead of asking three questions, I get a bigger opening statement.

My question is for Mr. Traves. It was touched on a little bit - the recent tax review - and I just want to make a quick comment. Reviews are reviews, they're all different and they all need to be looked at differently. Some of them you can cherry-pick; some of them you can't. Some of them it's just the principle of the report.

The recent tax review - and I haven't had a chance to read the whole thing, but I'm getting through it, and maybe in fairness you haven't also, but the basic principle of that report is one of shifting from taxation on income to taxation on consumerism, which gives I think a lot of opportunities for low-income people. I'm not going to cherry-pick out the

benefits and the challenges in it, but the basic principle of that kind of taxation shift tied with the initiatives that you have before you, can you give me your opinion on what you think of that report?

MR. TRAVES: I'm going to be very discreet. One, I haven't read the report. All I know is what I've read in the media. Two, it's not part of the mandate of Invest Nova Scotia to sort of deal with the taxation questions. So speaking in a - I don't know if I can use the term official capacity - but speaking in an official capacity, I have no view.

MR. CHAIRMAN: We'll do one question from each Party and then we'll go to Committee Business. Ms. MacFarlane.

MS. MACFARLANE: My last question is actually - if both of you would like to answer it. I love Nova Scotia. I totally believe in Nova Scotia. I think that we have a lot of advantages here to operate small businesses, large businesses. Being a small-business owner myself, with usually four or less employees - so very small - for the last 20 years I know that Nova Scotia - my astute observation is that we do have a few disadvantages, those being we have the highest taxes, of course, the highest power rates, and we have a lot of red tape.

I know that I struggled with those challenges, as a business owner. I'm just wondering, in your years of experience, do you believe there could be a quicker turnaround for economic growth in the province if we were to lower taxes, freeze power rates, and cut some of that red tape? I would like your personal opinion on that.

MR. SIMON D'ENTREMONT: That's a very complex question. It's a question more of reducing taxes to achieve economic development but creating another challenge in deficits. It's kind of playing that game of whack-a-mole at the amusement park - you know, the head pops up, you pop one with a rubber mallet and three others pop up somewhere else. It's hard to consider these things in an absolute sense without knowing what all the other unintended impacts are.

Certainly creating a good platform with predictable, manageable regulatory framework, which is part of the recommendations from the tax and regulatory review, and maybe there will be some opportunity there for Invest Nova Scotia to play a role. It's hard for me to predict. I'm giving examples from time to time because it helps solidify the mind of what you're thinking about. Let's say the restaurant association came to see us - or some sector - and said we have a regulatory problem but government has told us that if we could find a way amongst us to create a new - let's say there are some sectors that we have a quality program that we make sure their products are safe but they say we have a way of doing it ourselves and you audit our work.

I'm just going to invent something, the milk sector, we might have milk inspectors going in and inspecting the milk to make sure it's safe. Maybe the milk-producing community would come to us and say we want a little bit of assistance to come up with a

self-regulatory program where you don't need to audit us, we'll audit ourselves and you come and audit our audits, type of thing.

I'm just making something up but there may be a way where the group can play a role in even things like regulatory systems where we can advance that.

MR. CHAIRMAN: Dr. Traves.

MR. TRAVES: I would just echo Mr. d'Entremont's comment and I can only speak to the issue of the streamlining, I agree with his earlier observation that tax systems are very complicated and they serve multiple purposes. It's not just about raising money, it's about a whole host of other objectives, so there's a huge amount of trade-offs between objective one and objective two and objective 74, I mean it's complicated.

That said, the issue about streamlining I think is an important point and I would just return to that notion of sort of sunset reviews of agencies and programs and so on that I touched on in my report and in my opening comments. It does seem to me that when - and I understand that ERDT, if I am not mistaken, plans essentially to sort of timetable these reviews so that in fact they do a comprehensive review of all programs every five years, rather than this one in 2017 and that one in 2018 and some other one in 2019, they're going to do them all at once. It does strike me that that's an opportunity not only to just look at the impact of the various programs in relation to their objectives but to throw in some cross-cutting themes, one of which might be streamlining regulations. That's obviously for the ministry to sort of take up that kind of issue but it does seem to me that it creates an opportunity to do that.

I fully sympathize with the challenge that you have described, that people do find the regulatory environment sometimes difficult to manage their way through. It's because in many cases the regulation was designed in isolation of other regulations and unwittingly somebody put in that you shall do it on Tuesday but some other regulation says you shall do it on Thursday; so when you see it, you should correct it.

MR. CHAIRMAN: Ms. Zann, one question.

MS. ZANN: I'll see how many I can fit into one - no, just kidding. I wouldn't be me if I didn't ask about the creative economy. I am extremely pleased - Mr. d'Entremont, you and I have talked extensively about extending the film and television tax credits and how important that is, so I'm very glad to see that has been extended until 2020. I think it's urgent for our industry to grow and for them to be able to know what's happening for the next 10 years.

There are a couple of things I'm still not quite sure about. One is the sound recording tax credit because we were told that was going to be coming down the pipe in the first year and I haven't seen anything about that. The other one was the Soundstage that we

had been discussing. In fact, this group was going to have Creative Nova Scotia come and talk to us about that.

The other part of it is Film & Creative Industries Nova Scotia - I'm told it's going to be going through some changes of some sort. Could you explain what those changes might be, what the amendments are going to be to that?

MR. SIMON D'ENTREMONT: Yes, multiple questions there. Film & Creative Industries and the Department of Communities, Culture and Heritage are working on the sound recording tax credit. I'm not aware of what the status is and I didn't come prepared to discuss that.

In terms of changes, we made changes to Film & Creative Industries Nova Scotia, Innovacorp, NSBI, and so on to refine the mandates a little bit more specifically around what our arrangement was for who was doing business development dealing directly with businesses, as well as instituting the five-year review that was a recommendation of the Traves report.

We're putting NSBI, Innovacorp, and Trade Centre Limited all on the same five-year schedule, as he mentioned. We'll do a big five-year review of all the agencies because all the agencies together and the department - we create a portfolio of horsepower supporting the province in economic development and we need to make sure that they're all working cohesively in a way that you can look at the whole big picture and say, as a collective we're driving the bus in the same direction.

MS. ZANN: And the Soundstage studio.

MR. SIMON D'ENTREMONT: The Soundstage studio, I know there are some people at Film & Creative Industries Nova Scotia and as well as CCH who are working on that, but I'm not aware of the current status of those discussions.

MS. ZANN: I'll check in with you later.

MR. SIMON D'ENTREMONT: Sure, we can discuss that offline.

MS. ZANN: Thank you.

MR. CHAIRMAN: Mr. Jessome.

MR. JESSOME: My question is with respect to evaluation frameworks regarding business investment. Through the Chair, I'm wondering where the development of these frameworks are on your urgency scale and if we can anticipate any sort of a rough timeline as to when a potential evaluation will start to be implemented.

MS. KUMARANAYAKE: Some of the changes that we've made in the legislation are to actually have a date in legislation when the evaluation has to be done. So it's June 2019. By that time, all of the portfolio will have been evaluated, but you have to have something to evaluate against so the other part of the legislative changes are dates for strategic planning. So currently all of our agencies and ERDT are involved in developing a five-year strategic plan, which will be implemented as of April 1st.

Part of the theme for that strategic plan is we are sitting down to see how we work together to look at the goals produced by the One Nova Scotia Commission - what our role is - and really laying that out in each of our strategic plans. We're looking at them together so that there is no duplication. We're making sure that we're leveraging our resources as much as we can, and that strategic plan sets the basis for the evaluation.

MR. CHAIRMAN: At this point I would like to thank our witnesses for coming and presenting to the Economic Development Committee. We'll recess for a few minutes so that we can clear out and get organized for Committee Business.

[11:09 a.m. The committee recessed.]

[11:14 a.m. The committee reconvened.]

MR. CHAIRMAN: All right, I'd like to call us back to order and go to Committee Business. The first item is rescheduling the Comprehensive Economic Trade Agreement, the CETA agreement. I spoke to ERDT and they're still not able to bring that forward until negotiations have been completed.

Mr. Wilson.

MR. GORDON WILSON: Who are those negotiations with? That's the federal government?

MR. CHAIRMAN: Yes.

MR. GORDON WILSON: Do we have a timeline on when . . .

MR. CHAIRMAN: No. We're just going to have to park that until those are completed.

MR. GORDON WILSON: Whose agenda item was that?

MR. CHAIRMAN: That was ours.

MR. GORDON WILSON: That was ours that was brought forward?

MS. ZANN: You can't blame us. (Laughter)

MR. CHAIRMAN: Items two and three are agenda-setting items. We were thinking of having an agenda-setting meeting after our next presentation, which would be on the 29th, which would be the sound studio folks. (Interruptions)

AN HON. MEMBER: In December?

MR. CHAIRMAN: No, January, sorry. Does that work for everybody for those two items? Perfect. That takes care of that item.

Mr. Wilson.

MR. GORDON WILSON: I'm a stickler from back in my municipal-meeting days. Is it possible to get our agenda before we come to the meeting in the morning - the day before, two days before?

MRS. DARLENE HENRY (Legislative Committee Clerk): Sure.

MS. ZANN: As opposed to what?

MR. GORDON WILSON: As opposed to walking in and all of a sudden seeing what's on the agenda. I like to prepare for a meeting and I think the basic principle of it is that you should know what your full agenda is when you start a meeting and you prepare for part of that meeting. It helps me an awful lot.

I'm asking some questions here about . . .

MS. ZANN: Are you on this committee, or are you sitting in for somebody?

MR. GORDON WILSON: No, I'm on this committee.

MRS. HENRY: I must say these items were already distributed over the summer to all of you anyway but what I could do, with the permission of the chairman and with the agreement of the committee - once the chairman sees the agenda and approves it, then I can send it out in draft form to you.

MR. GORDON WILSON: Thank you. I realize they were all circulated but I lose track of those.

MS. EYKING: With all due respect to my colleague here, in the summer, you get so much information between now and then, so a refresher just a few days before the committee would be really appreciated, I think.

AN HON. MEMBER: I was going to say it probably has a bit to do with age so we understand. (Laughter)

MR. GORDON WILSON: I'm just glad Hansard didn't pick that up.

MR. CHAIRMAN: Oh yes they did. (Interruptions)

So just quickly, we're all going to agree to this - does there need to be a motion? No, okay - perfect, thank you.

We also have to do the approval and sign-off of the annual report for the Standing Committee on Economic Development, so that has to be a motion put forward.

MRS. HENRY: Yes, if you're all in agreement.

MR. GORDON WILSON: I move that we approve the annual report for the Standing Committee on Economic Development.

MR. CHAIRMAN: Can I have a seconder? Ms. Zann, thank you.

So that has been approved and it has already been signed, right?

MRS. HENRY: No, you need to sign it.

MR. CHAIRMAN: Okay, we all need to sign it today.

I know Mr. Wilson has a motion he would like to put on the table.

MR. GORDON WILSON: Regarding discussions for questions?

MR. CHAIRMAN: No, the other one, the one that we talked about.

MR. GORDON WILSON: I'd like to throw it out there for discussion. First I want to maybe apologize also. We had what I would call a brief meeting, the last meeting, and that was unfortunate. One of the constraints that we have as a group is that when we're not meeting, the only way we can make a decision is unanimously. Unfortunately we had a witness who could not make it to the last meeting and we attempted to reschedule and cancel that meeting, and unfortunately we didn't.

Again, I'm a stickler. There's no sense coming to a meeting if you don't have an agenda, if you don't know what the agenda is.

MS. MACFARLANE: Or a witness.

MR. GORDON WILSON: Or a witness. So the meeting started - we made a motion to cancel the meeting or adjourn the meeting and it lasted probably - it was record-setting at about 30 seconds, I think. I apologize, we tried our best.

The restrictions that we have within our operations here don't allow us legally to do that unless we have another method of doing it. There are a few different things that - well, on the Resources Committee, for example, we have a motion that was approved by everybody that if the House is sitting, if we have a meeting scheduled and the House is sitting, the meeting doesn't need unanimous consent to be referred to another day. That's just one example.

In the event of, say, a witness that all of a sudden we know can't come, to schedule in another witness - not to lose the date, that's another example. I'd just like to throw it out there for people's thoughts on maybe how we could have done that better, without making a motion.

MS. MACFARLANE: I just want to say that I totally agree. I think it would be wise to implement something else so that we're - everyone's time is precious, but more importantly, it's the taxpayers' money. When I think about that day alone coming in here for 30 seconds - I mean in vanity, it was the fact that it was the first day of school and I missed my children, but it's also the fact of what it cost for 30 seconds that really upsets me, so I agree that we need to put something in place.

MR. CHAIRMAN: One of the suggestions is that the chairman can make a final decision and that's the decision that's going to be held, that is one way. I think the Resources Committee does that, do they not?

MR. GORDON WILSON: No, we only have it around certain conditions so the chairman doesn't have to make it. Actually, in essence, the last meeting we decided to have it while the House was sitting and we needed unanimous support to do that, which worked out fine.

Maybe this isn't the time to decide what we should do. I'll throw it out there for some thought. The other side of it too is, as we've changed the Rules of the House - our House Leader made it quite clear that he would also like to see us look at these committees and talk about how these committees work. I think this is just one good example of a way that we could fine-tune them and make them a little bit better and not lose opportunities in respect to witnesses and stuff. I don't know what the motion would be.

MR. CHAIRMAN: Could I comment on that. I spoke to the Speaker's Office about this and his suggestion was that in a situation like what happened the last time - the chairman can have final say. We can still send an email out to see if there's agreement, but if there's not then the chairman can make that decision to cancel or switch the witness, if so inclined. I don't know if that's the direction that we want to go to.

MS. ZANN: Can we think about it and get back to you?

MR. CHAIRMAN: Sure. Mr. Orrell.

MR. ORRELL: If I could, Mr. Chairman, I wasn't at that meeting, and I understand where you're coming from and you should probably have the ability to substitute a witness in at that time, but to play the devil's advocate, to be the witness of the Party that put the first witness forward. So usually when you do your agenda-setting you do two or three witnesses from each Party. My experience on some of these committees has been there are witnesses that certain people want that they don't want to have in, so if it was a witness that somebody wanted that they didn't want to have in, at least have another witness from the same Party fit into that slot. I guess that's my only question because usually there's an order and when you plan on it you've got staff working on it so at least your own staff could work on your own witnesses - just a thought to throw out there.

MR. CHAIRMAN: That's great. I think what we'll do is we'll put this also on for suggestions and a solution at the next meeting, which will be held on January 29th.

Another one that I want to bring up - and this is more of a discussion piece also and come up with solutions, again for the January 29th meeting - I'd like to figure out a way that this process goes better. I know you guys have a bunch of questions and we can cut them off. I can keep cutting you guys off or you can let the flow go through. I was just wondering if there's any interest in looking at the way that the PAC works, with time allotted. So 20 minutes and then 14 minutes, something in that process in this room so that you guys have a better flow in your questioning.

Mr. Jessome.

MR. JESSOME: I'd just like to say that I like the way the PAC flows in the sense that there are time blocks allotted for each Party and there's kind of an open-ended back and forth between the presenter and between members of the government.

MR. CHAIRMAN: Are there any over here on this side?

MS. ZANN: It doesn't really bother me right now - I mean the way it goes. It's just hard remembering to let you have your routine.

MR. CHAIRMAN: Right, but that would still happen, regardless.

MS. ZANN: Yes, so other than that, I mean I'm fine.

MR. CHAIRMAN: But here would be an opportunity for you to continue asking questions or have a better flow within your questioning. I cut you off on a question that you didn't get an answer to because you had already asked four questions when we already have an agreement that it's just one question per Party per person.

MS. ZANN: What are you trying to say?

MR. CHAIRMAN: Ms. Zann, that was the agreement that we had and we've allowed you and other . . .

MS. ZANN: I think it was because we were only allotted a certain amount of time.

MR. CHAIRMAN: But right now what I'm suggesting is that you have the time so if you do 15 minutes or 20 minutes in the beginning, you can ask as many questions as you want and in which direction you want to go.

MS. ZANN: I don't know if that's fair then for everybody else. I don't know, we should think about that as well, I'd say. I don't think we should make a decision today.

MR. CHAIRMAN: I'm not asking for a decision, I'm just saying I'm trying to have this discussion so we could take it back to the Parties and then bring it back on the 29th.

MS. ZANN: I was actually going to make a point about the last question that you were asking before that one. With the Resources Committee, I believe we have an agreement there that we don't meet when the House is in session. That worked much better because as people now are more aware, the House hours are very long and oftentimes we are there until very, very late at night. Then if you've got a committee meeting in the morning that you've been reading and researching and whatever and then it gets cancelled, anyway it's a pain.

We should probably think about that with regard to this committee as well, about whether you really want to sit when the House is sitting.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: That's a good point although what's interesting is the whole revamping of our House hours. I understood that one of the decisions was that Mondays were going to be our committee days. In essence they say we're going to be doing less time sitting in Halifax and more time in our constituency and still get the Legislature work done. In reality, we're going to probably end up spending more time in committees as a result.

In saying that, if that's how we organize our work and get it done that way, but just keep in mind that it might be something we're going to be looking at too.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I just wanted to follow up on what you said about the time allotments, that we'll take it back to our caucus for discussion. I do understand your point. If I look at it from both sides of it being a value or not a value, on the value side, it's

often that you have a series of questions that are connecting, and if you lose that ability to ask one after another, it sort of breaks up the flow of your questions.

MR. CHAIRMAN: That's why the time allotment might work better for you.

MS. PETERSON-RAFUSE: That's right, but then on the other side sometimes you are hearing one of the other Party's question on something that you may go oh, gee, I should follow up on that. So I see the . . .

MR. CHAIRMAN: So that's what PAC has . . .

MS. PETERSON-RAFUSE: You would come back around?

MR. CHAIRMAN: Exactly: 20, 20, 20; 14, 14, 14 - something like that.

MS. PETERSON-RAFUSE: See, that makes sense to me but we'll take it back to the caucus.

MR. CHAIRMAN: Yes, please do. Are there any other comments?

MR. ORRELL: My comments were going in the same way, that sometimes there's a topic that you might ask and we'll think oh, I never thought of it in that situation. So if you're going to do two rounds, that would be worth considering and it would be very useful then because sometimes, like I say, something comes up from another group that you want to clarify. So if you do two rounds, that's great.

MR. CHAIRMAN: Perfect. On that note, is there any other business? Excellent, so then the next meeting will be January 29th, the sound studios.

I would call for a motion to adjourn this meeting.

MR. GORDON WILSON: So moved that we adjourn.

MR. CHAIRMAN: A seconder? Perfect. Thank you.

[The committee adjourned at 11:30 a.m.]