

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

ECONOMIC DEVELOPMENT

Thursday, March 5, 2015

LEGISLATIVE COMMITTEES OFFICE

**Halifax Chamber of Commerce / Canadian Federation of Independent Business
Re: Business Sector in Nova Scotia**

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ECONOMIC DEVELOPMENT COMMITTEE

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[Ms. Lenore Zann was replaced by Hon. Sterling Belliveau]

In Attendance:

Mrs. Darlene Henry
Legislative Committee Clerk

Ms. Cathleen O'Grady
Legislative Counsel

WITNESSES

Halifax Chamber of Commerce

Ms. Nancy Conrad - Senior Vice-President, Policy

Mr. Eric Blake - Policy and Research Analyst

Canadian Federation of Independent Business

Mr. Jordi Morgan - Vice-President, Atlantic Canada

Mr. Nick Langley - Director, Provincial Affairs Nova Scotia



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, MARCH 5, 2015

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

9:30 A.M.

CHAIRMAN
Mr. Joachim Stroink

MR. CHAIRMAN: Order, please. I'd like to grab everybody's attention and call this meeting to order. I would like to remind those in attendance, including myself, to turn off your phones or put them on silent so we don't have any interruptions. I will now have the members of the committee introduce themselves.

[The committee members introduced themselves.]

MR. CHAIRMAN: Today we have the following agenda item, representatives from the Halifax Chamber of Commerce and the Canadian Federation of Independent Business. I'll throw it over to you guys for introductions and then you may start your presentation.

[The committee witnesses introduced themselves.]

MR. CHAIRMAN: Thank you very much, you may start.

MR. JORDI MORGAN: Thank you very much honourable members, MLAs. It's nice to be in front of a microphone again except I don't know if I like the idea that you can talk right back at me.

MR. CHAIRMAN: Get used to it. (Laughter)

MR. MORGAN: I do have a PowerPoint presentation, and I think perhaps you may have been given a deck as well, but I thought what we would do is walk through this fairly smartly anyway. The title of it is Challenges and Opportunities for Small Business in Nova Scotia. I'd like to thank you all for the opportunity of presenting the opinions and the attitudes of our members to this committee.

Just a little bit about CFIB. If you're familiar with us already, we are what we call "the big voice for small business." We promote and protect free enterprise in this country. We've been around for about 44 years now, as a result of John Bulloch's efforts back in the early 1970s, as a result of what at that time was a white paper suggesting a 50 per cent small business tax in this country. We have 109,000 members across the country, 5,200 here in Nova Scotia alone. We are strictly non-partisan, rabidly so I might point out. It's a one-member, one-vote policy and we're a 100 per cent member-funded organization.

One of our premier products, if you want to refer to it as such, is our Business Barometer. This is the Canadian Business Barometer Index and GDP as it results up to the end of February. As you may notice, there is quite a severe downturn here, much of this being attributed to the issues around oil pricing. Much of the country has been really significantly impacted by that. Conversely, when we look at Nova Scotia trends against that, there has been a relative uptick. That is a result in many ways because of the nature of our economy, it's somewhat tourism-dependent obviously and we do have a significant interest in the point that the Canadian dollar is sitting at, and of course oil prices impact that as well in terms of transportation, home heating costs, and the like.

We have seen a significant uptick in optimism for business owners in Nova Scotia. Part of this is driven by the intention to add full-time staff, which is a bit more of a seasonal thing. Every time this year, if you look across, I think we begin to see significant attitudinal changes among businesses looking forward to Spring. Maybe it's because they know that the winter we're having will eventually come to an end. We do have significant uptick here in intention to add full-time staff here in Nova Scotia.

The general state of business health is also seen as good. Generally we're looking at above 50 per cent to see it as being strong. We're not quite there yet, but as you can see throughout that graph, 2014 and 2015 have been relatively moribund years here in Nova Scotia.

Now this is the pre-budget survey that we completed in October and November. What you can see from this slide is that 65 per cent of small- and medium-size enterprise owners are not confident that the provincial government has created an environment that will enable them to succeed. This is important because it really drives home the point, I think, of how small business perceives its government in terms of getting behind small business issues and that's not a good sign. We're hopeful to see some improvement of that over the next year and we hope to see some improvement as well after the next budget.

Here are some of the reasons that I think small business has an issue with government. We've asked them, what would help small business in Nova Scotia right now? This is overwhelmingly the number-one issue that small- and medium-size enterprises have in Nova Scotia and that is the total tax burden. It's not simply the small business tax, it's not personal income tax - it is the overall tax burden that we're dealing with. I think it's something that Finance and Treasury Board and all of government has recognized, but it certainly is one of the big issues with small- and medium-size business.

An interesting sort of addition to this has been the uptick around labour laws that support employers and employees equally. We have had some issues around labour laws over the last number of years with different laws being brought in. We know that CFIB, when we were talking about first contract arbitration, was very strong on that, but this shows a more overall concern around things like occupational health and safety and other regulatory issues that small businesses have to deal with as well.

The regulatory burden on business is always big, as you know. We're very active on the red tape front and we're pleased to see some of the indications from government at this point, but we're hoping to see more action as well.

Interestingly, another number that comes forward is the size of government and reducing the number of provincial public servants. I think we've heard in *The Chronicle Herald* recently and we've heard from the Atlantic Institute for Market Studies about the nature of the Public Service in this province and it's reflected with our members as well, along with pay rates as well. Balancing the provincial budget and a number of other issues follow that as well. These are our main points in the forthcoming budget and what we are deeply concerned about.

I got an email from our president today talking about this because it's something that is of deep concern to us, and that is the small business tax rate. He characterized it as - maybe this was a private conversation, but I think that it articulates it well - this is a "light our hair on fire" issue for the Canadian Federation of Independent Business. The small business tax rate has been something that CFIB has been very active on since its inception and it has been successful in doing this - bringing down small business tax rates and it's something that we do not want to see reversed. We especially do not want to see small business paying the freight on a corporate tax decrease.

We're happy to see suggestions in the tax and regulatory report that indicated raising the tax threshold from \$350,000 to \$500,000, which is the median in Canada. We are also interested in seeing how the Minister of Finance and Treasury Board is going to be looking at the basic personal amounts in income tax. There is a recommendation to bring it up with the federal median. You can see we're the second lowest basic exemption amount in the country.

We have also been very active on the file of bracket creep. It is a hidden tax. We don't want to see automatic indexation of the personal income tax system. This is something that we really initiated the drive on. We're pleased to see a response to that in the Broten report.

A few other small issues, or smaller - I suppose to the people that are going to be benefiting from them they're not. We asked this question back in the early part of the Fall around the Equity Tax Credit about expanding the size of it, expanding the opportunity for people to invest and also expanding the reach of it so that we can actually look at the Equity Tax Credit as something that could be a better supported regional tax credit as well.

Basically we're saying if somebody from New Brunswick wants to invest in a Nova Scotia company and get that tax credit, they should be able to do that.

What should the Nova Scotia Government do to balance the budget? First, reduce the size of government; second, reduce spending; also, tying spending increases to inflation and population growth. Beyond that, increasing fees and collecting additional revenue, as you can see, doesn't really find itself into the priorities of our members.

We're encouraging the government to return to balance and maintain the balance long term to commit to a formula of keeping spending, as I mentioned, in line with population growth and inflation; bring public sector wages and benefits more in line with the private sector; do not negotiate any future general wage increases above the rate of inflation; and we would like to see action on reducing the number of employees on the public payroll.

Some other specifics, and these were also reflected by the Auditor General, actually subsequent to the release of our submission - eliminating the bridge benefit to introduce greater fairness and reduce liabilities in public sector pension plans and also moving to a 50-50 funding ratio of post-retirement health benefits for new retirees to bring them in line with national standards as well. That is something else that the Auditor General indicated in his most recent report.

I'm just going to touch quickly on red tape because I know I'm eating into your time but I apologize. We'd like to see some political leadership on that, which we are. We're actually happy to see what the Premier has suggested in putting a deputy minister in place who deals with red tape; we're happy to see what's going on as well within Service Nova Scotia but we also want to see this across government. We want to see a robust measurement in public policy reporting, a strategy put in place, some meaningful constraints on the growth of regulation and targets for reduction. We would like to see this and have the discipline of legislation applied to it.

A few other areas: extended producer responsibility which, if we want to dig into a little bit further, is an area of serious concern. I know the chairman is familiar with our position on this. Occupational Health and Safety regulations, we've been working with the Office of the Employer Adviser, in concert with dealing with the Department of Labour and Advanced Education on this. We see this as a potential red tape nightmare as well.

I should point out that we are pleased to see some of the moves that the Nova Scotia Government is currently making on interprovincial trade barriers and the activity of the Premier around this. We hope to see more of it and to see some quick action to remove these barriers for Nova Scotia business.

I'd like to thank you, I look forward to hearing your questions, and I'll pass the microphone over to my colleague from the Chamber.

MR. CHAIRMAN: Ms. Conrad.

MS. NANCY CONRAD: Good morning everyone. I'd like to thank you for the opportunity to appear before you today and to discuss the priorities of the members of the Halifax Chamber of Commerce.

I thought it might be best to start with a little bit of an overview on our organization. The Halifax Chamber of Commerce is a best-practice business advocacy organization that continuously strives to make Halifax an even more attractive city in which to live, work, and play. With origins dating back to 1750, we are recognized as the first Chamber established in North America. I think it was set up in a bar downtown.

Together with our 1,600 member businesses and their employees, we act as a single, powerful voice to promote local business interests. By the way, over 80 per cent of our members are small businesses by local small business standards, which is less than 20 employees.

The Halifax Chamber of Commerce offers over 100 events annually and countless opportunities for our members to connect and conduct business. Through our All Ships Rise program, the Chamber provides training to business to help them be more competitive and innovative companies.

All the actions of the Chamber are guided by our 2013-2018 strategic plan. The plan has many components but its overall goal is to realize Halifax's potential to be among the top-three highest-growth city economies in Canada by 2018 - a bit of an aspirational goal but we think with everyone's support, we can do that.

We will achieve this focus by focusing our efforts in three separate areas: creating a positive business environment; growing and nurturing the skilled workforce; and driving member prosperity and value. We are fortunate to have three teams of volunteers who have dedicated time to work with us to help us achieve these ambitious goals.

In the short term the Chamber has identified two key priorities: reducing the tax burden; and promoting immigration, which we are highlighting in our advocacy work.

When you requested that we appear before the committee today, we were asked to discuss how to help the business sector in Nova Scotia. We are in constant contact with our members, and the vast majority of the time our members are urging us to be vocal on big-picture issues facing our province.

In our pre-budget submission to the Finance and Treasury Board Minister our main message could be summed up as follows: by the time the 2015 budget is released, this government will have been in office for one and a half years. The further a government gets into its mandate, the harder it is to make politically challenging decisions. The

province received three separate reports last year that called for radical change in Nova Scotia. There can be no doubt that the time to act is now.

Nova Scotia has some of the highest taxes in Canada and we feel strongly that this is a major impediment to a competitive business environment. We have the highest HST at 15 per cent. We are tied for the highest corporate income tax rate at 16 per cent. Nova Scotia's personal income taxes are among the highest in Canada, and the difference is especially stark when you look at booming provinces like Alberta and even some of the larger provinces like Ontario and B.C.

In our submission to the Tax and Regulatory Review, we supported the idea that government should focus on lowering the personal and corporate tax burden in Nova Scotia. Reducing the tax burden needs to be done in a sustainable manner and we believe that the best way to do that is by adopting the Broten report's recommendation to freeze program spending for five years. The report estimates that a spending freeze will free up over \$1.1 billion - that's with a "b" - in revenue that can be spent on reducing the tax burden and paying down the provincial debt.

As the government mentioned in the Throne Speech, 58 per cent of the province's costs comes from labour. If Nova Scotia ever hopes to achieve a sustainable balanced budget, all areas of spending need to be examined, including people costs. Our members feel very strongly that we cannot wait until 2017-18 to balance the budget. We will continue to call on government to follow their tough talk with bold action and balance the budget this year. Additionally, the provincial debt is almost \$15 billion, making it all the more important that we get our provincial finances under control in short order.

Regulatory reform is incredibly important to our members and research estimates that regulation cost Nova Scotia \$747 million in 2013. The Broten report has 16 regulatory recommendations, all of which would contribute to improving the regulatory burden for Nova Scotians. The report stresses that a good regulatory regime is a never-ending job; it requires ongoing work and a commitment to continuous improvement. The government's plan to appoint a deputy minister in charge of regulatory reform is an excellent first step. We are also looking for the government to begin publicly tracking the regulatory burden so that businesses have an easy way to tell if progress is being made.

On immigration, the province should approve Halifax City Council's request to let permanent residents vote in city elections. The government has done a good job on immigration recently but we still need to continue lobbying the federal government to create an immigration system that works for Nova Scotia. The Chamber has also launched its YES! Campaign - which I think many of you may be familiar with - which is designed to change people's attitudes on immigration, so why not say yes and then figure out how to work out the details, rather than saying no and then trying to work to yes.

For education we approve of the minister's recent education action plan. The Chamber has been supportive of reviewing the education system for many years and

submitted a detailed report to the Minister's Panel on Education in early 2014. We will be watching the Department of Education and Early Childhood Development closely to ensure that it follows its timelines to implement the action plan. The report was less clear about the plan's cost, and with the government's current fiscal situation, we will be looking for the department to implement these reforms within the current spending envelope.

Finally, the Now or Never report has resonated with Nova Scotians but there is a strong perception out there that there's not enough being done. We think there is an important role for the One Nova Scotia Coalition to help Nova Scotians take a more positive view of private sector growth and to motivate citizens to take action in their communities.

We have been speaking with our members constantly over the past year and we are extremely proud of the actions they have taken to build stronger and more innovative businesses. We have heard from our members who have done everything from investing in training and new equipment, hiring youth and recent immigrants, and exploring partnerships that will allow them to compete on a global scale. While there is certainly much more to be done, our members have shown that they are ready to do their part.

Again, I would like to thank you very much for giving us the opportunity to speak with you today.

MR. CHAIRMAN: Thank you very much. We'll start with questions. We usually try to start with the Party that brought the witnesses forward, so I'll pass it over to Mr. Rankin first and then we'll continue on from there.

MR. IAIN RANKIN: I just have a couple of questions on the small business tax and then just briefly on the Equity Tax Credit. I guess I'll direct it more to the CFIB. What percentage of your members are actually incorporated? What percentage are paying that small business tax out of the 5,200?

MR. MORGAN: I don't have that exact number in terms of the percentage of our members who actually are incorporated or are working under the small business tax.

MR. CHAIRMAN: Mr. Rankin - sorry - if you can just let me introduce so that Hansard can get the communication right. Thank you.

MR. RANKIN: Sorry. The information I was able to pull out says that it's around 70 per cent of your members that are actually not paying that small business tax because they're not incorporated. In terms of trying to figure out a fair tax, I think the first thing they could do is incorporate themselves and then they pay 3 per cent, rather than paying a personal income tax amount. That's something that I think you should take into consideration.

Secondly, since the last time the small business tax was reduced, do you have any measurable benefits that have happened in the economy? Can you provide any metrics like increase in employment or anything like that, since the last reduction in small business tax?

MR. MORGAN: The issue around the small business tax is that it was put in place essentially because small business doesn't have the same capacity as larger business does to access capital and other financing opportunities. That is why the small business tax rate has been fought for by CFIB. Without those specific opportunities available to them, it has to be recognized through government through the rate of tax and that is why it is as it is.

MR. RANKIN: So you believe if it's reduced again there will be increasing employment? I didn't see any measurable benefit from the last reduction.

MR. MORGAN: We're not asking for a reduction. What we're saying is we do not want to see the small business tax rate increased. Currently it sits at 3 per cent. There is an expectation from the Broten report that it would be raised to 8 per cent, which would make it the highest in the country over a period of time and that the small business tax rate would pay for a reduction on the corporate tax rate. We don't agree that that's an appropriate way forward and we will resist that.

MR. RANKIN: But do you see any increase at all having an impact on a small business being able to hire?

MR. MORGAN: Absolutely. As we said, the reason the small business tax rate is in place is in order to recognize the fact that many small businesses don't have the same access to other forms of capital and other forms of financing. What it does is it provides an opportunity to be able to retain more capital in their company and to be able to grow as they see fit.

MR. RANKIN: For the Equity Tax Credit, you're advocating increasing the limit from \$50,000 to \$100,000. Do you know what the average is that people invest in that program?

MR. MORGAN: I'll tell you the reasoning behind this is that we support the idea that there needs to be more private investment and perhaps the more cogent part of this is that it could be expanded to provide more opportunity, especially for start-ups. I mean, usually the Equity Tax Credit is used in a way where there are small investments from friends and family and that kind of stuff.

The start-up community - and I am not just talking specifically the high-tech start-up community, but the start-up community in general - would benefit from this with higher levels of investment and also we're supporting the idea that there should be pooled capital opportunities as well. That would give other investors the opportunity to invest in small business.

The principle behind expanding that beyond our borders is essentially the same as the position we've taken on interprovincial trade barriers, that if we open the borders a bit and we allow - our economy here in the Atlantic Provinces is small. When you look at it, we're essentially the size of many cities - got a lot more parkland - but the artificial or arbitrary borders that are put in place in terms of investment opportunities we do not see as sensible. So an investor in New Brunswick, for example, being able to invest in a company in Nova Scotia, or somebody from Nova Scotia being able to invest in a company in Prince Edward Island, we see as an advantage and so we support the recommendation in the Tax and Regulatory Review.

MR. RANKIN: I agree with that regional focus, I think it's a good one, but in terms of making the program more effective, is there an appetite to have it targeted at specific sectors or do you think it's working the way it is? Is it open for any business to invest?

MR. MORGAN: In principle we disagree with sectoral focus. We think that if you're going to make that opportunity available, it should be available to all business.

MR. RANKIN: Are you aware that you can invest over two years so that if you want to invest \$100,000, it's quite easy to do that in November and then your next instalment would be in February? So it's pretty easy to invest \$100,000 if you want to do that as the existing parameters are.

MR. MORGAN: As they are now - so if you take that extension along then I think you could see the same - the idea is to be able to increase level of investment in general.

MR. RANKIN: But the average is about \$20,000 from what I understand - investment in that program.

MR. MORGAN: But again, the recommendation that is coming from the community is saying that they want to see the ability to put higher levels of investment in, and if you have pooled capital that you would do that as opposed to somebody who is just individuals being able to take that opportunity.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

HON. DENISE PETERSON-RAFUSE: My question is to Mr. Morgan. I'm focusing right now with this question on rural Nova Scotia because I come from rural Nova Scotia. I see and have experienced the crisis that we are in in terms of rural Nova Scotia, and the Ivany report - the importance behind that of taking resources that are already in your community to develop those resources.

My question is, the concern that I have with respect to cuts in services - and I can use a recent example with the cut at the information bureaus in Pictou and Digby and some of the cuts in the parks. What happens there is we're going to lose 58 jobs. Those individuals spend in their local community, they spend at the local businesses. My question

is, when you're losing that spending power because you're losing the services, why is it a good philosophy to cut those jobs?

MR. MORGAN: I don't think the loss of jobs is a good philosophy in general. However, what we have to focus on in Nova Scotia is what we can afford, as a province, for our government. The government has a spending problem; it doesn't have a revenue problem. Nova Scotia cannot afford the government it has and that is as clear as it can be made in terms of a deficit. If you are living beyond your means, you have a deficit.

We think it is incumbent on the Finance and Treasury Board Minister to look at that and find ways to balance the budget. If that means it's going to focus on the core services of government - education, health care, and infrastructure - then that's what it's going to have to be. Unfortunately, when you make cuts in government, there is pain that's going to be felt but if you cannot afford it, the pain is going to be put at the feet of our children. Every single child born at the IWK this morning is inheriting a \$17,000 debt from us. When does that end? When do we stop putting more on our debt? When do we stop going into deficit for immediate, short-term goals?

We cannot afford the government we have and our members say it clearly. They say it because they feel the size of government is too large. Our members are saying they want to see spending reduced, and those tough decisions have to be made because we have to live within our means. Living within our means also means that we're not going to be extracting the highest level of taxation in the country out of our small businesses in order to sustain it. That is where we're losing employment opportunities. If small businesses are being taxed to the point that they can't grow, that they can't expand, that they are restricted by it - we would like to see growth in the private sector. We don't see the benefit of growth in the public sector.

We can talk about the wage gap that we have. In terms of comparable positions in Nova Scotia, we have a 25 per cent higher wage gap; in wages and benefits we pay 25 per cent higher than the private sector does in the public sector. Now why is that? It's great because people can say I'll get a government job, I've got a job for life, I'll get the great benefits, I get a pension. Who is paying for that? The private sector is paying for that.

We'd like to see growth in the private sector and more fairness. That's what's reflected in the attitudes of our members.

MS. PETERSON-RAFUSE: I do agree in terms of the fairness. I think that's the key element in budget cuts, is to make sure that those who are most vulnerable and to those in the middle class who are struggling - I view the small business as almost like the middle class in terms of businesses in our society, because then you have the very wealthy corporation.

Now I know there's all different types of philosophies in which way you go but your presentation is probably very similar to presentations that were made 10, 15, 20 years

ago and haven't changed. I know that we went through this similar five-year freeze back in the 1990s; it wasn't successful. Some of the economists now are taking a different approach where they feel that stimulating the job market and government having a role in that actually means more money coming back into the pockets of the economy and small business.

So my question is - and I do agree that there has to be a fairness and balance - what do you view as that fairness and balance? Just to make sure that there's still jobs in rural Nova Scotia and there's jobs in the urban areas of Nova Scotia - I guess the point I'm trying to make is when you lose services, there's a direct cost to the pocketbooks of Nova Scotians. I know there needs to be a balance, but if you take it too far, the loss is in terms of jobs and in terms of income because you're paying for services, right?

MR. MORGAN: If you lose jobs in the public sector - let me begin again. Our members are very adamant about reducing the size of government. That means reducing the number of employees, that means reductions in payroll, and those jobs will be lost. Those people who are going to be displaced, nobody wants to see lost jobs but it is incumbent - as you mentioned, we've been making the same presentation for 10 years or more. In many regards we've been doing it for 44 years.

We're at a point in Nova Scotia now, as the Ivany report says, as the Broten report says, we can't be tone-deaf to the recommendations anymore. These recommendations are made over and over and over again and governments, for political reasons, have been tone-deaf to them - mostly for political reasons because many of these decisions are too difficult to make and they don't want to face their constituents on it. It's much easier to say well, what can we do to keep that job?

I was talking with somebody from the Department of Finance and Treasury Board, an official the other night at one of the public consultations. When they're talking around the table at Finance and Treasury Board, they're discussing, well, what do we do - do we raise more taxes or do we reduce spending? Eventually it gets to being we're going to have to raise taxes because reducing spending is too uncomfortable.

Yes, we have to look at how to do things differently now and there is going to be pain, but that pain is going to actually result in a better balance of the private and public sectors in Nova Scotia. This problem has been going on and on and on, and until we actually look at the structural problem and fix it, we're going to continue dealing with - 10 years from now there will be another report saying that we are on the edge of an economic abyss, only it will be worse.

We think that the recommendations from our members are sound. There are members around the table who have run small businesses and we're hoping that they'll recognize as well that these attitudes are important and they should be important in the decision making of our government.

MS. PETERSON-RAFUSE: Thank you.

MR. CHAIRMAN: Mr. Dunn.

HON. PAT DUNN: I'm going to go back to some opening comments that the CFIB made in their opening statements; one of the things was dealing with red tape. When I talk to small businesses in the communities where I live, that is one thing they bring to the forefront. You know that unfortunately we received, I believe, a score of D-minus in 2015 with regard to that. I think it might be safe to say that we were somewhat of a leader over the last many years in red tape reduction.

I guess my first question would be, how did our performance in, say, the mid-2000s decrease and seem to continue to decrease?

MR. MORGAN: We have several criteria that we base our red tape report card on. The reason they got a D-minus is that we didn't meet much of those criteria. The criteria are: political leadership, we also look for measurement, and I think I mentioned sort of the four points that we deal with when we're talking about red tape.

Prior to 2010, there was a red tape reduction plan put in place by an earlier government. It did actually have a very sound measurement component to it. They would record the amount of time it took for somebody in business in order to deal with regulatory compliance and then they said okay, we're going to reduce that time. That's measuring and that provides some public accountability.

We've looked at this over a period of time and we said well, in the last government that particular program ran out and there was nothing to replace it. So measuring the burden, putting some meaningful constraints on, saying look, it's going to be one-for-one in terms of regulation, whatever that model may be - and there is a variety of them - and then applying the discipline of legislation to ensure that it's maintained. Those are the criteria we want to see. Political leadership is among them as well, and we saw that in earlier governments.

I will say that we are very encouraged to see what the government is doing right now regarding regulatory reform. We are happy to hear the words that are being said. When the action is taken, we'll certainly applaud that action, but we need to see action. That's why Expressing Priorities through Action is what we named this because we've been discussing this and discussing this and it's time to actually make moves on this. So the appointment of a deputy minister in charge of red tape - we would like to see a minister in charge of red tape or a minister in charge of business who has that responsibility.

We'd like to see a public measuring program and accountability around that. We'd also like to see, as we said, meaningful constraints so this is an ongoing thing. Red tape is a very important issue for our members and it's a very important - 61 per cent of SMEs

want to see some form of red tape reduction. I'd say it's probably higher because it always ends up being a priority. I hope that answered your question.

MR. DUNN: Just further on the red tape - I believe New Brunswick was hovering around a B in that particular report. I think we can all agree that excessive red tape hurts businesses; that's just common sense. I guess my question is, if we continue on the road where we are with floating around a D-minus or a C, or whatever else, does this put our province at a disadvantage regionally or nationally?

MR. MORGAN: Well there are a lot of different components to red tape, and as I said, we are seeing some positive steps being announced. If we were to continue along, obviously without some measure of political leadership or a measure of public reporting or those things, yes, that puts us at a disadvantage. But we are seeing some good things happening in terms of interprovincial trade barriers, what the government is doing in terms of regional co-operation and whatnot.

We are seeing some things through Service Nova Scotia that we complimented in the last budget because there was some money that was put into their access to business site - we were happy to see that. We're going to keep a very close eye on it. If the government takes action on this, I think it's moving the province in the right direction.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: Ms. Conrad, this question is for you - we'll give Mr. Morgan a break, a chance to have a glass of water. Very well answered, by the way.

First off, I just want to make a quick comment on your buttons. I noticed them right off the bat and I have to express my view on what you're saying when you say YES! - I think in the last year we've all heard different things regardless of where we go. Engage Nova Scotia is another good example where there had been talk about the only thing that we really can do right now - the best - is to change our minds, our attitudes, and our cultural view towards working together and having positive optimism. I congratulate you on wearing those pins. I notice they're in blue and green - I'm sure that they're in orange and red also. (Laughter) I do want to emphasize the fact that I think that fundamentally that is a powerful message and if there's anything you want to add after I ask my question in that regard, I would appreciate it.

My question is around chambers of commerce and boards of trade. As you're aware, it certainly was in One Nova Scotia reflected that the strength of this province is not just in the metro area - it relies heavily on rural Nova Scotia. Myself being another rural MLA, it would be incumbent of me to ask the questions around engagement that you might have with other chambers of commerce and boards of trades. I know that the Halifax Chamber of Commerce - it's not their mandate to drive other jurisdictions, but I think it's an important message within One Nova Scotia, the collaboration side of it.

I know there are initiatives going on in the Pictou area, for example, that are very positive. (Interruption) And Lunenburg too. We have within my riding, for example, a chamber of commerce and a board of trade, and then up the Valley we have a numerous amount of them. There have been some suggestions that some consolidations of these boards of trades and chambers of commerce might be a good model to push. Can you answer any questions around what work you've done to collaborate with other boards of trades, chambers of commerce within the province and what your feelings are on the current structure that we have out there in rural Nova Scotia?

MS. CONRAD: Yes, I can. As the Halifax Chamber of Commerce, we're very fortunate as being a large chamber. We have paid staff, and the chambers and boards of trade around the province have varying levels of staff, so on a very practical basis we're quite happy to be supportive, whenever needed, on anything that we have done, whether it's a pre-budget submission or a job description for a board of directors.

Also, just before Christmas, I met with chambers across the province that came in to talk about how they could be supportive, what they could do with regard to the One Nova Scotia report. I was certainly very encouraged by the folks who came in and were looking for ways they could make a difference in their community. We talked about everything from immigration, how they can, as business leaders within their community - they should never understate the importance they have as business leaders in their community, whether they're in Digby or Lunenburg or Pictou or Sydney, because they are very strong influencers.

They talked a lot about immigration and how they can look at being welcoming communities. They talked about programs that they themselves - the theme of the day was around what they could do, not what they would ask government to do - what they would do within their own communities, which I felt was extremely powerful. They talked about things like setting up the 100 men for helping a business and they thought they could set up networking within their communities to find out ways to help their various businesses within their communities, plus maybe bring in entrepreneurs or those folks who settled in a smaller community because that's where they want to live, but they're connected to the world. I'm very encouraged by the kinds of things that are happening around the community.

On your second question with regard to the structure, having been part of an organization because I've been with the Halifax Chamber for a number of years, we were part of a merger with Halifax, Dartmouth, Bedford, and Sackville, and it has certainly produced a very powerful voice for the businesses in this area.

I would say it really depends on your community because I have visited and talked to leaders within the smaller communities and they have almost 100 per cent participation, they're very powerful within their own community, and they're very strong advocates on behalf of business. Wherever possible, as I mentioned earlier, we look for ways to provide

them with information or research that can be helpful for them. Does that answer your question - maybe?

MR. GORDON WILSON: Yes, it does. I am curious though - and I guess this is my ignorance asking the question - is there a forum that chambers of commerce and boards of trade have so there's an annual get-together, and are these things that are discussed at that?

MS. CONRAD: Yes, in fact there is. There's an organization called the Atlantic Provinces Chamber of Commerce which many chambers within the region are members of, including ourselves. They have a provincial committee in each province where they bring forward issues and they have volunteers working, as well as staff-supported. They solicit feedback around the province to look for key issues that might be important to advocate at the provincial and federal level as well. So they are working on that - it's new, but it looks very promising.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: Mr. Morgan, first of all, I'm going to ask for you to clarify - yesterday I had the pleasure of observing your presentation and I noticed that the presentation today is a bit abbreviated, it's not as full as the one yesterday. So I'm going to ask you to possibly comment on it because I have a question directed towards yesterday's presentation. That's first of all.

In your presentation you talked about reducing Public Service workers. You made reference to the newborn actually today being born in the IWK and that was a great picture - I got that picture - but I also got the picture of the parent who holds that child. If that parent was a Public Service worker, they would be concerned about whose job is going to be on the line.

I guess my question is, has your group identified what services are going to be reduced? That's my overall question and then - possibly if you could comment on the two different presentations.

MR. MORGAN: Our members, when we ask them questions, they've either had experience with government or they've developed an attitude around government that I think when they provide their answers, they give it for a good reason. I think much of the time their answers are very principle-based. When they answer in our surveys - and we do a lot of them - they are consistent. They see that spending by government is a problem.

I think I recall that during the last government, which you'll remember, there was a plan to reduce the Public Service by 1,000. I don't think those numbers were achieved. There has been discussion around this for a long time. The idea that, whether through attrition or through retirement or through restructuring or through focusing on core services or by efficiencies, the size of government is reduced, those are the decisions of government

- that is governing. What we hope to see is that this current government will engage in governance and less in politics.

Let me step aside for just a moment here; I was watching - if anybody watches House of Cards, which is a new series about politics, Kevin Spacey who is the President of the United States decided he wasn't going to run for the presidency in the next term, in order to give him 18 months of governance that he could do things that were highly unpopular, he would be able to reduce entitlements and the like.

What it illustrates is that yes, if there is a political calculus in reducing the size of government that the appetite for it will be lost because you are making people unhappy. Reducing the size of government is something that is such a priority for our members who are small business that I think it needs to be addressed and it's something that has to be taken outside the political calculus and used as a measure of governance.

I think the last government, the one that you were involved in, said we're going to reduce the size of the Public Service by 1,000 people. Those are your people, if you'll pardon the turn of phrase. That is something that is an admirable thing to want to achieve but it's the achievement of it that's important. I think you'll see that our members will get behind that and say, let's look at what government should do, let's really focus on the things that government should do and then apply itself to doing those and find the efficiencies and find the methodologies.

It's not up to CFIB members to tell you how to reduce the size of government, it's up to government to reflect the wishes of its population. I know it's a bit of a roundabout way of answering your question but I hope it illustrated our position on it anyway.

MR. CHAIRMAN: Thank you, Mr. Morgan, and thanks for the spoiler. (Laughter) Mr. MacLeod.

HON. ALFIE MACLEOD: I want to thank you both for your presentation today. I guess further to what you just commented on, Mr. Morgan, I think that when people are looking at reducing government they are not looking at reducing 58 part-time jobs in Nova Scotia, they're looking at offices where you have directors and executive directors and managers and senior managers and all those things. That's what people see as government, not necessarily 58 people who are in rural Nova Scotia working a very short amount of time. For anyone to think that's an achievement, I think they're dreaming in Technicolor. That might have been a political statement but I'm still on drugs from my operation. (Laughter)

MR. CHAIRMAN: I expect nothing less from you.

MR. MACLEOD: My question to the Chamber is, in an issue note that was sent to the Premier's Office in October 2014 you stated that people were happy with the formation

of the One Nova Scotia coalition but you also stated, "However, more and more of our members are becoming concerned that things are just not moving fast enough."

Further to that, in the Chamber's pre-budget submission, you've stated that "While the Now or Never report has seen surprising acceptance among Nova Scotians, there is a strong public perception that the government, and the Coalition, have failed to adopt the necessary sense of urgency."

I guess I'm going to ask you the question but if you have something from the Independent Business that would be great too. Could you elaborate on why the Chamber's thoughts about the current pace of change and the output of One Nova Scotia - why do you feel they're not meeting the needs of what the report has said? Again, when you think of the title, it was Now or Never.

MS. CONRAD: I think for our members, what they're seeing at the governmental level is something as important as the future of our province being tasked to a committee, and while the folks sitting around the table - and there are a great many private sector people and there are exceptional staff people working on it, and what they are looking for is action. They're looking for leadership. They're looking for some timelines that say we are going to do this now - we have some of the highest taxes in the country, we need action.

Our businesses are struggling under red tape and they need a competitive approach and an open-for-business attitude within government. So I think for our members, what they want to see is the Premier and the leaders within government to say, here is what we're doing as government and this is what it's going to look like and here is how the changes are going to come. So they're looking for action.

One of the reasons we have reached out to our members to ask them what is happening is because there is a tendency within government to say it needs to be private sector-led. We don't disagree with that, because certainly growth has to come from the private sector, but government has to set the conditions for those opportunities. They set the conditions by not having barriers get in the way through red tape and regulation, having high taxes and ways that say no, we're not going to do that. Those things get in the way of growing.

What we did was we went out to our members and said what have you done in the last year or two, and they came back and said we listened to what had happened, we know there's a need for action, we've hired people, we're training, we're looking for opportunities for exporting so we can grow the economy, and they're taking a private sector approach. We're not looking for government to fix our problems in growing our businesses, but we want them to set the conditions and get out of our way.

MR. MACLEOD: Thank you for that answer. I guess this is pretty straightforward - do you agree that enshrining the Ivany goals into legislation would make a difference? I know that Valerie Payn called on the Premier to do that, but do you agree that if this was a

piece of legislation rather than a wish list on the side, that this might have more of an effect on making it happen through the vast wheels of government?

MS. CONRAD: Well, Valerie's my boss, on a practical matter. (Laughter) I would say yes, but I'd like to qualify it by saying that popping things into legislation is important because it does entrench it within government to make sure there's action. But if, in fact, there's not an imperative for action and leadership at the top level within government - whether it's the folks sitting around this table, whether it's the Premier, whether it's your senior bureaucrats - then it doesn't matter whether it's in legislation. There has to be a direct interest to make action happen and now.

Certainly putting it into legislation might require future governments to also make sure that this is part of their action plan, and I think that's an important approach, but what we need to see right now is attention and action by our leaders to make sure that the conditions to help businesses grow in Nova Scotia are in place.

MR. CHAIRMAN: Mr. Horne. (Interruption) Oh, sorry. Mr. Morgan.

MR. MORGAN: I think it would be difficult, a very complex piece of legislation to try to create.

MR. MACLEOD: We're used to that in Nova Scotia.

MR. MORGAN: Yes, exactly. If the legislation was put in place so that it would set meaningful goals that had to be achieved, then I think there may be some use of that, but the Ivany report is more of an attitudinal document. From a personal opinion, my sense of the document was that it could have called the government more to account, but it was basically saying that all Nova Scotians have to get on board with this.

I think that you could craft legislation if there were specific targets that you wanted to hit that would enforce those targets being met. I think I'm in agreement with Ms. Conrad that the political leadership behind this and the accountability of all of you who are elected members and the government is probably more important in terms of achieving those goals. I guess we'd have to see the legislation to determine whether or not we'd support it.

MR. CHAIRMAN: Thank you, Mr. Morgan. Mr. Horne.

MR. BILL HORNE: I'm finding this very interesting today, it's a very good discussion on some of the issues we face with small businesses and medium-size businesses. A question about red tape, it's kind of a catch-all word, I'm wondering if you could give a little bit more detail on what you mean by red tape - to both persons.

MR. MORGAN: Red tape is kind of our - we have our Red Tape Awareness Week every year, as you know, and we're quite engaged with this because it's obviously a serious concern for our members and it shows up as a very high priority in all of our surveys.

You certainly cannot disagree with the need for regulation, regulation provides some structure to our entire society. What we are concerned with is excessive regulatory burden. What that means is going through - regulations can be brought in without legislation, regulations can be brought in with existing supporting legislation so it can be done very easily through a minister's office or through the bureaucracy - not easily, but it can be done without political oversight if you will.

What happens over a period of time is you begin to see regulations being used to drive policy. In doing so, in making those changes, a lot of the time what we see is either regulation becoming redundant or becoming unnecessary or excessive. There are regulations on the books that basically are out of date, they are no longer relevant, and those have to be addressed in a very orderly kind of way.

You have to go in there and say - there has to be a political desire to do that. That's why we look at these, the four criteria that we use are to provide a structure for government to say this is how we should attack it. There has to be a desire, which is the political leadership, there has to be a process which is - you can't manage anything if you can't measure it. I think that's a fairly simple tenet to understand. Everybody in business knows that if you can't measure what you've got in front of you, there's no way you can manage it. That's why we want to see a measurement process in place - what are we doing here and what are the results going to be. If you don't have the constraints on growth, then you'll do the same thing over and over again.

Legislation is important in there because what that does is that drives it forward over a period of time and hopefully from government to government, it doesn't simply become something that one government institutes and then allows to disappear. I hope that answers the question.

We're looking at things like business registration. We're looking at things like permitting and fees and duplication between different levels of government, whether it be businesses that have to deal with the Department of Environment or they have to deal with a municipal official on this. There's a broad array of requirements. I think somebody said to me the other that they were starting a business and they had 200 specific pieces of regulation that they actually had to address just to get their business started.

Looking at those things and looking through the lens of small business, through people who have been doing it, which is what we try to bring to the process, I think is something that is very useful for government and it's an enormous help that doesn't cost that much to do, we've got the people in place to do it. It takes the political will and the structure to do it.

MS. CONRAD: Mr. Morgan and I are in vigorous agreement. One of the things that I think is important to keep in mind is that while it's important to have the political leadership, you need to make sure that filters its way down to the people who deliver the services in the front line because if they haven't had an experience in a business setting

and they don't understand how much it costs a small business person or an entrepreneur to chase around various permits or to look for opportunities or to stop here and wait for the second phase to come in, then they just simply don't get it. If their mandate and their job description includes making sure the public good is protected, then that's what they will do and that's their job.

If you're talking about leadership, it has to filter down and that's why for us we talk about the YES! piece, which gets a few chuckles but in fact, if when you went to register your business or you went to set up a new business or you went to expand your business, someone behind the counter had an experience with saying yes, we are open to business, we are open to opportunity, we are open to growth, so then everything they did after that would be helping that business be successful and get through things quickly.

The challenge for us in Nova Scotia is not that there's not people who want to do things, it's that if it's too hard to do things and too expensive, they're going to take their capital and they're going to leave. Leaving isn't going to Moncton or wherever, leaving is going to the U.S. or another part of the world.

In order to grow this economy we have to look for every single way we can to make it easier. Mr. Morgan is quite correct that this is a very - not inexpensive, but it is a very cost-efficient way for government to look for opportunities and ways to help business.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: Just to follow up on what you're explaining, it makes absolute sense because the culture within the Public Service would be, as you mentioned, to protect the public. Sometimes my experience is that there isn't the knowledge base from those they are serving in terms of the business.

What would you recommend to government to overcome that? The normal process would be for a minister or a deputy minister to tell the staff to look at the red tape. But they are the very people who have created that red tape. What would you recommend from the business perspective - a commission, a committee that is totally business people? I'd just like to have your thoughts on that.

MS. CONRAD: First of all, you have to change the culture within your department and reward people for taking initiative. In fact the levers for success within your jobs, the primary lever is to protect the public good and not to take a risk, and if you are never rewarded for taking a risk, it's highly unlikely that you are going to take a risk. The first thing you have to do is change that culture.

Also I think there are some templates you can look at, which is kind of basic Business 101, to say do we need this regulation? If we're going to add on a layer of regulation, what do we take away? Is there a sunset clause? In government occasionally for us at the Chamber we get calls from our members who say, you know, this business

next to me is doing this and you should call government and have them do something. I say to them, now let's think about that because government has some excellent tools to regulate, do you really want them regulating that function within your sector or business? We have to kind of rethink about what they're asking for from their government.

I do think that piece starts from the top, the person who is in charge - maybe our new deputy minister of red tape will come in with a private sector focus and think about how they can ensure that those within their department who deliver services are open for business. Maybe they spend two weeks in a private sector business, maybe the business they are in, that they have regular contact with, they go and spend two weeks in their business and see how hard it is for a small business to deal with the paperwork, plus keep the lights on, plus keep people paid.

MR. MORGAN: Would you mind if I make a short addition to that? What Ms. Conrad says is absolutely true, there is a cultural issue here but there are also directives that come down from - whether it be a memorandum of understanding that was signed or there may be other issues that the departments are then left to deal with. I want to raise one, which is the extent of producer responsibility issue which was up on the screen there very briefly. This has the potential, if it is enacted in the way that it was done in British Columbia and subsequently in Saskatchewan, to become one of the most arduous, expensive layers of red tape that the private sector will see in this province in some time. It is an extraordinarily difficult thing to wrestle with.

I know the Department of Environment has a mandate to do this because there was an agreement signed some years ago that extended producer responsibility would be rolled out across the country. Nova Scotia has been sort of taking its time with it.

I'm not going to go into the details of it but when a department is tasked with doing something, they have to begin figuring out ways of doing it. Very often because the culture in the department is based around well, we're going to have to create a regulatory structure for this, they don't kind of do what Nancy was saying, moving around and look at it through the eyes of small business. They're doing it through, how do we actually hit the sort of targets that we're looking for from a regulatory point of view first? That's the nature of government.

It's absolutely true that the culture has to change so they understand that this is going to have not only an impact on the work they're doing, but it's going to have an enormous impact on the economy. I mean EPR, if it is rolled out as it was done in British Columbia, could be just an absolute red tape nightmare in this province. Now we're hoping that some of the lessons learned in British Columbia and Saskatchewan would be applied in doing that. The same thing can be said for occupational health and safety, other departments.

While there's great progress being made in Service Nova Scotia and I think the culture is changing there, this has to be across government. This has to be taken over by

somebody who understands red tape from the context that it has to be looked at across the entire government, not just simply individual departments. I agree entirely that it is a cultural issue.

MS. PETERSON-RAFUSE: I agree with you. I think the challenge with changing the culture is the time and I don't think we have the time to wait in the province for that to happen. What do you think of the proposal of having business mentors that may come in? It wouldn't be like a committee or a commission that would be the same people. For example, if there was a red tape issue, regulations in a particular department, working through both your organizations you would identify maybe two people in the province, business owners who have great knowledge in this area, and on a volunteer basis they work with that department and their staff as mentors on that change.

What that means is that it's not just decisions being made solely by government and the bureaucratic system, it's actually those they're making a decision for are part of that right into the core policy changes. Is that something that could be innovative, that would be different, and you would support?

MS. CONRAD: So with the greatest respect, I would say that we are very careful about asking our volunteers to be engaged in anything that we don't think they can see direct outcomes and make a difference for, so let me say that first.

I like the idea of it but I will share with you that groups like Mr. Morgan's and my own are always very open to bringing a group together to test any new ideas. I know we tend to run into each other with folks within government departments who will contact us and run by us ideas on changes in legislation, changes in red tape, changes in regulation, we're very open to that. For myself, I have some very senior level volunteers who have huge amounts of expertise that I draw in to provide that advice. I find it to be better for kind of a quick hit, like you come in prepared, how you can provide that input, and we can release them.

I wouldn't say no to it. I would certainly - if we were approached, we would look at it, but because our volunteers are also people who are making money for the province and paying taxes, I really want them out doing that as much as possible.

MS. PETERSON-RAFUSE: I understand, thank you.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: Again this question is open to both or any one of you. It's going back to some introductory remarks also concerning balancing the budget, how important it is for the province to balance the budget. I know it's not an easy task, we're all aware of that. Sometimes I think there's maybe more chances of Johnny Bower coming back to play between the pipes for the Toronto Maple Leafs than balancing the budget. (Laughter) Sorry, Mr. MacLeod.

With regard to the province balancing the budget, I have two or three questions. Can you make some comments on how important this is for the province to balance the budget? If the province fails to balance the budget, what sort of message is that to investors, to businesses, and so on?

MR. MORGAN: Our debt servicing costs are sitting at \$882 million a year. The Department of Finance and Treasury Board has done a very good job in looking at long-term financing of that. However, anybody who lived through the 1970s and maybe bought a house realizes that low interest rates don't last forever. If we get into a situation a little ways down the road where our interest rates go up and we're sitting burdened with this debt, we are going to be - I believe in terms of the Minister of Finance and Treasury Board - in deep doo-doo.

I guess from the point of view of our members and their opinions, it is one of the single most important things that the government does. As I was articulating a little bit earlier, we can't afford the government we have if it's in deficit. It's as simple as that. If you can't pay for your services, you can't afford it, and if you're living beyond your means, then that debt is going to be passed on to somebody else. If that debt is passed on to somebody else, then they're going to be wrestling with a more serious problem than we have right now. So balancing the budget is an absolute and complete priority in the eyes of our members and it should be for government as well.

MR. DUNN: Just one last question with regard to balancing the budget. Do you think it should be legislated? If the answer is yes, what kind of message would that be to businesses and investors?

MR. MORGAN: We think it should be legislated if people pay attention to the legislation.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Very interesting conversation here today. I'd like to address mine to you, Mr. Morgan, because I think my colleague, Mr. Horne, touched on it with his questions about regulations and red tape. We're always saying we're open to small business, but I found as a rural MLA that municipalities play a big part in red tape. When I hear you speak publicly a lot of it is just the term "government." Can you address the municipal issue and what your organization is trying to do to alleviate some of the red tape in municipalities and in rural Nova Scotia?

MR. MORGAN: I'm so glad you asked. Certainly red tape is not just in the provincial realm. We've been working very diligently as an organization on the federal level and on the provincial level, and probably less so on the municipal level. However, we are actually embarking now on looking at municipal red tape issues. I can't speak to our members' positions, except in the broadest of terms, but we are going to be digging down and drilling down deeper in that in some survey work that we're doing this year, because

one of the things that has been expressed to us from our members is the importance of municipal government and how it impacts their businesses directly. Anybody who has run a small business, who has had to go get a permit or deal with the municipal government, understands that.

We also talk about the overall tax burden, the overall red tape burden obviously includes - there's federal stuff, dealing with CRA and the rest of it, or if they're in an industry that has some sort of national oversight, federal oversight. There's the provincial commitment, and then there's the municipal level as well. So in order to get a better understanding of that, to make a long story short, we are going out - that's going to be Nick's job this year as well as ours. It's happening throughout the region because our members are looking at this as a real priority and it's something that we are very interested in getting more data on. So we will be reporting back, I hope, within a year or so on some of our members' attitudes and their biggest concerns around municipal red tape issues.

MS. LOHNES-CROFT: One of the other issues I find is the length of time to get anything through a municipal unit. It's very discouraging for small businesses. The waiting time - everything has to go to committees and then it has to go back to council. If we can alleviate some of that, if you have an economic development officer in a municipal unit, they should have some kind of authority to approve some of the needs of small businesses trying to get off the ground. I hope you look into that as well.

MR. CHAIRMAN: Over to the NDP caucus with Mr. Belliveau.

MR. BELLIVEAU: Mr. Morgan, I was certainly deeply interested in the presentation yesterday and I pointed out earlier that there is some difference - to me the one we have in front of us today is somewhat minor, or there's less details than yesterday.

I was really impressed with one particular slide from yesterday. It talked about health care and I know you talked about the budget and 41 per cent of the overall spending of government is directed towards health care, so naturally I'm deeply interested. I was interested in one bullet and I'm bringing that to your attention again today. In that, you talked about 83 per cent of your members support the private sector delivering a greater range of health care services, such as diagnostic imaging and blood service.

If you're familiar with rural Nova Scotia - and I know that you are, but I just want to highlight that rural Nova Scotians are struggling to have these health care services delivered, and not only for maintaining our ERs to be open. There are certain pockets of rural communities across Nova Scotia and one of them is in Queens-Shelburne where they are struggling to obtain a kidney dialysis machine. To me that is a blood service or a certain integral part of that. To understand the stories, to know how seniors are trying to deal with that health care and 41 per cent of our overall spending goes towards this, I just want you to expand on that and clarify some of that position of your membership, please.

MR. MORGAN: I know that this is the second time you mentioned it - we had a somewhat shorter presentation just for the virtue of time here this morning. I would recommend that anybody can read our pre-budget submission that has all that material in it. You're correct in saying that our small- and medium-size business owners obviously have a concern around health care, in terms of the amount of money spent on it and saying that it's now 41 per cent of the budget.

When we asked them about their opposition or their support of a number of different elements, 96 per cent either somewhat or strongly support improving efficiency and cost saving in the health care system.

As you know, and it was brought up by your Leader yesterday in the discussions we were having as well, they said, well, what does that mean, what do you mean improving efficiency? I think when people in the private sector look at it, they mean they want to see it being run in a way where it is as efficient as possible so we're not wasting money. Waste is a big, sort of ambiguous word but we want to have efficiencies and I think they see there are some opportunities in private sector delivery that may be more cost efficient, and in some cases there are. We've seen that with the advent of Scotia Surgery and other private sector elements.

Without getting into the broad sort of philosophical discussion around how the private sector actually is engaged in health care, they also believe very strongly that it should be done under a publicly funded model so that we're not Americanizing, if you will, our health care system.

Some of the things we've seen in the past year or two or three, I suppose, is the development of the collaborative health care centres in which you're seeing more efficiencies and you're seeing rural Nova Scotia being served more effectively. I think these are things that are - I haven't specifically asked our members but I think these are things that our members would support because they do look into the efficient delivery of health care.

When we were talking about diagnostic imaging, there are now private sector deliverers of diagnostic imaging in the province - that was only one example. There are many other different elements of health care that if they can provide the quality of service, the standard of care that we're looking for at a more cost-effective way, then the health care system needs to examine that in order to see if it's an appropriate way forward.

As we see more technology develop and greater integration of health care, especially in terms of health records and that kind of stuff, I think there are opportunities out there that the government should explore, and if the government is seen as exploring those in a sincere way - there are difficulties in terms of integrating these things into the system. I think our members would be very supportive of that.

MR. CHAIRMAN: Mr. MacLeod.

MR. MACLEOD: Mr. Morgan, in your slides you talked about extended producer responsibility and you touched on it briefly in one of your answers, but I wonder if you could just elaborate on how that could hurt small business in the Province of Nova Scotia - in 1,000 words or less. (Laughter)

MR. MORGAN: Extended producer responsibility - let me just speak to it for a moment so that people understand what it is. I want to try to get through this efficiently, but what it is essentially is that stewardship councils have been formed to oversee the production of recyclable material and how it's managed. Now as you know, we pride ourselves in Nova Scotia somewhat about our waste management and whatnot, but there are a lot of questions about it.

So what we've said is that the Department of Environment just pressed pause on this. There was a memorandum of understanding that looked at 2015 as the deadline to have this implemented. I don't know how much work was being done inside the department but we went and talked to them last year and they said, well you know, we're trying to figure out how we're going to do it, what model we're going to use and all this kind of stuff. There is a discussion paper on it called *Revising Our Path Forward*.

The proposal would dramatically increase red tape burden and it would increase the cost of recycling and/or disposal of a very long list of designated products. Anybody who buys a flat-screen TV, you end up paying \$100 and that's ostensibly for its disposal. So if you think about this in terms of every possible bit of waste material - whether it be a pizza box or a pill bottle or that nasty bubble wrap that you have to take your tools out from the hardware store - all of those things then become waste material.

If you're going to burden small business with this, it would be an administrative nightmare, for one, and it is also going to be very costly because essentially what they're asking is that people who fall above what they call the de minimis line would end up paying for the disposal of all of these products. So imagine somebody who is running a pharmacy or a food store and all of the packaging that goes along with that - they would not only have to categorize it, they would have to weigh it, then they would have to forecast how much they're going to use, then they would have to pay a stewardship council a fee that they would determine is appropriate for the disposal of that stuff.

So this was brought in in British Columbia and a lot of lessons were learned and so our chairman was at a meeting with us with the Minister of Environment. We suggested to go out and have a look and see if you can learn some lessons from what happened in British Columbia and Saskatchewan and don't do it here. Because if it's not captured by that de minimis line - in some jurisdictions we're saying \$2 million would be great - and not gross earnings, we're talking about income. So look at some measure where you're not going to be putting an arduous burden on small business.

Many of these stewardship councils, when they integrated it in British Columbia, said just have your legal affairs or your compliance departments look after that. I can tell you, if you're running a small business with four or five people in it, your compliance department is a little bit small - so it's you. We're concerned about the time it would take, the administrative costs of it, the real costs of it and, most importantly, accountability around where that money is going because some third party administrative body - another bureaucracy that would have to be set up to manage it - we need to have the levels of accountability in there in terms of transparency and how it's being administered properly.

Those are our major concerns. We've done a fair amount of writing about this and we would just say for Nova Scotia, hold tight until you've got something that's not going to really put an enormous imposition on small business.

MR. MACLEOD: I know in meeting with different groups around my own area - small business people tell me they spend about one day a week working for government. That means filling out all the forms, remittances, and all those things that go along with the red tape that we've been talking about. What you just described sounds like now we're going to create more employment for them, to the tune of maybe a couple of days a week to work for government. How accurate is that estimate that currently small business is looking at about a day or eight hours a week just doing government red tape?

MR. MORGAN: Well if you take that into account, then you take into account personal income tax - they don't stop working for the government until about July. So I don't know if it's just one day a week.

It's true, those numbers are pretty accurate. If you're in a business that requires federal, provincial, or municipal compliance or regulations, just even doing administrative work in terms of payroll and the taxes and everything that goes along with that - I mean in small businesses it takes a considerable amount of time. We just see this EPR as an administrative burden. If the government decides that it's going to go ahead with this, they need to ensure that they've learned the lessons from other provinces that have implemented it and not put this burden on Nova Scotia.

If you take that and put it on top of our tax burden, our existing red tape burden, you're getting to the point where it's going to be unmanageable. We're hoping that common sense will prevail in this one.

MR. MACLEOD: Thank you very much.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: I just have a quick question for Mr. Langley and then just a general question, if you don't mind, for Mr. Morgan and Ms. Conrad.

There are 5,200 members of CFIB in Nova Scotia - do you have a breakdown of the geographic distribution of those members?

MR. NICK LANGLEY: Not by each municipality; we can get that information. I know off the top of my head how many are HRM - I believe we're about 800 members in HRM, roughly, and then the rest of the province, but I can get those figures for you.

MR. GORDON WILSON: That would be helpful, thank you.

My question for both Mr. Morgan and Ms. Conrad is, I think we haven't touched on an area which would be our community colleges and our universities. I think you've seen, or hopefully people have seen an interest by this government to engage our universities and make them a little bit more part of our progress economically within Nova Scotia. The sandbox is one example but we're also starting to see some collaboration with small businesses. One good example is just simply the Nova West Laboratory and Université Sainte-Anne where they've worked together on an opportunity for students to work with industry and get experience through their university training, and also it gives the private sector an opportunity to access resources.

In that world of universities and community colleges, there are a lot more opportunities for small business to take advantage of that, I think. Do either of your organizations recognize that? Are there any initiatives that you have to educate your members on what we have as 10 fine opportunities in our universities sitting out there and how you can get more collaboration with them?

MS. CONRAD: The members of the universities are pretty much all members of the Halifax Chamber of Commerce so we look for opportunities to meet with the leaders within the universities to talk to them about ways they can - when they look at new research, how it can be commercialized and ways to look for partnerships within the private sector to move that research along to create growth opportunities within the province.

Certainly in the last year or two, probably longer, we've seen a lot of interest within the universities and the community colleges to look for ways that they can do that - as you mentioned, the sandbox examples. We encourage our members as well to look at co-op programs and to hire co-op students within their businesses to again grow their businesses and look for opportunities as well.

It is a challenge for our very small businesses because while they would probably like to have someone else within their operations to help them, it's one more thing to manage so it does create some challenges. Certainly we've seen a lot of very positive changes within the universities to look for ways to engage the private sector.

MR. MORGAN: We don't do things directly with universities or educational institutions, but by proxy we have a relationship with a group called Futurepreneur. It's actually an excellent organization, if you don't mind me plugging it, but we do have a

relationship with them where we try to assist. Futurepreneur is designed to provide start-ups with mentorship, with financing opportunities. It's a federally-run program. They have been expanding here in Atlantic Canada. They do get into the educational institutions and they help young people who are looking to start their own business.

The mentorship piece of it is so important. That's why we're very supportive of it. A lot of our members actually serve as mentors to young businesses. It gives them that extra support when they're getting out and there is an existing knowledge base that they can draw on, plus there are a lot of other services that they provide. That will be my little 30-second ad for Futurepreneur. I know that they're doing very good work and we do have a fairly tight friendship with them.

MR. CHAIRMAN: We have 15 minutes left, so if we can keep our questions short so we can get as many people around through. Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I want to revisit the possible increase in the small business tax that was indicated in the Broten report. I know that when the NDP was in government we did realize that it was important to be reducing that tax because exactly what you've been talking about with small business and having so many burdens that are placed on you. Why would you think that the government would even consider increasing that tax? I know you don't have a crystal ball, but I'm just wondering, in your mindset, why would you think they would consider doing this? How would they perceive that even helping small business?

MR. MORGAN: My understanding of the rationale that Ms. Broten used in doing this is that she is looking at an overall restructuring, if you will, of the tax system. This is something that the Chamber of Commerce and our organization disagree on in terms of the small business tax. They're saying - if I'm not mistaken in your pre-budget submission, you were talking about actually taking a bold step forward and implementing all of these things.

For us, this is a line in the sand essentially. We have fought long and hard against any increases and we have fought long and hard for a reduction in small business taxes. We have been successful at that because governments have understood that that is an appropriate way to provide opportunity for small business, because as I said earlier, larger corporations have access to other capital; they also have other areas of financing.

We are pleased to see that they would bring the small business tax threshold up to \$500,000. We think that would be a very good thing. The danger of raising it even a percentage point is that what they're pointing to is the long, slow march to a 5 per cent increase, which would take it to the highest level in the country because this is Ms. Broten's theory: if they raise the small business tax rate to 8 per cent, it can pay for a corporate tax reduction.

We also disagree with the premise in there that somehow the small business tax rate encourages businesses to stay small. I do not know a single small business that starts a business up and says I'm going to stay small. That's not what they want to do. They want to grow, they want to be successful. That's what small businesses do, and through that period, the small business tax rate is that recognition of a lack of access to certain areas of capital and financing, and it recognizes that they need that support.

If we were to go back to 8 per cent, which would be the equivalent to the highest tax rate in the country, what message does that send across the country? Any government that chooses to do that - whether it's over three years, five years, or eight years - is going to get eight years of being at war with small business. If you are going to increase the small business tax rate to pay for a corporate tax rate, how is that going to be perceived by small businesses right across this province? Well thank you very much, you can pay for our Research in Motion, or BlackBerry as it is now. You could pay for a little reduction in their tax rate, how do you feel about that? I don't think that would be very well received.

MS. PETERSON-RAFUSE: I'm curious why there is this philosophy that if you help the major corporations that have the bigger bank accounts, why in that respect do you think that on the backs of small business, like why is that philosophy there in this budget review?

MR. MORGAN: I don't understand why that decision was made. I know that that recommendation was made. It is based on, I guess, a set of principles that the author believed in, we just happen to disagree with it.

MR. CHAIRMAN: Mr. Dunn, your last question.

MR. DUNN: Mr. Chairman, quickly just a few comments perhaps from you dealing with the carbon tax, pollution tax, whatever you want to call it, and the argument that it's doubtful that this would be revenue neutral in the Province of Nova Scotia.

I guess two questions into one, would you make some comments about that, explain that? Do you hear any examples from small businesses that a carbon tax could hurt them, could hurt their business?

MR. MORGAN: A carbon tax or a pollution tax that is modelled on the B.C. model, which was held up as a gold standard in the Tax and Regulatory Review, was something that we argued against quite strenuously in British Columbia. The reason behind that is that revenue neutrality may be possible for government but revenue neutrality is not possible for small business. It would be a very difficult proposition to implement this and then to say okay, you are going to be getting a rebate.

The first part is that we don't know what it looks like. I mean if we had a better idea of what this carbon tax looked like - or pollution tax - what the implications would be for a small business. I'll take for example Munden's Moving, it's a small company that has

grown here in Nova Scotia. It's a moving company, so if you add another 6 or 8 cents on top of the motive fuel tax and the HST is on top of that, what is that going to mean for the cost of that company doing business? What rebate are they going to get back or how is that going to be balanced off?

I think the calculus around that is probably reasonably complex because if you look at that company versus another company that may be within the same sector but doesn't have the same transportation challenges - you know, this guy is driving to Ontario or maybe there's a company that is only travelling within Halifax and Dartmouth, I mean the calculus is very, very difficult. We have to see what the impact would be.

I can tell you that in British Columbia revenue neutrality for small business is impossible, it just doesn't exist because there are too many variables and it's far too difficult to try to make it work consistently for all areas of the province.

It is politically probably quite attractive to be able to say okay, well you are going to be paying an extra X amount in gas but we're going to give you a \$200 cheque every quarter to pay it off, in order to balance that off.

Right now we have one of the highest tax burdens in the country. My guess is that if somebody said, well do you mind another 6 cent or 8 cent per litre charge on your fuel - probably not so much.

MR. CHAIRMAN: Mr. Rankin.

MR. RANKIN: I just wanted to go back to what my colleague was aptly talking about with municipalities. I think a lot of the restriction on business growth actually lies in the municipalities, and I can only speak to HRM. As I said earlier, the talk about small business tax, unless the numbers I have are wrong from Finance and Treasury Board, it really represents over 3,500 of your members out of the 5,200 aren't incorporated so they're not paying that small business tax at all. They certainly are paying property tax.

In HRM and in other municipalities the ratio is 2 to 1 - actually HRM is much worse, it's near 3 to 1. I know CFIB took that on probably two or three years ago. I'm just wondering if you're continuing to pressure HRM to close that gap so that the corporations are not subsidizing the residential people as much. I don't know if you have any comments or an update on that.

MR. MORGAN: Yes, it's absolutely unfair and the gap is growing, and until the provincial government actually does something about the legislation around the residential assessment cap, nothing is going to change. I know that there are some discussions that are going on currently about how they're going to be sharing municipal tax burden versus provincial taxes and who is going to have jurisdiction over certain areas. I think there's a lot to be worked out, but I think we have a system in this province that has been driving

business tax rates up where some residential taxpayers are paying two-thirds or half of what they should be paying in their homes.

It is, again, a very difficult thing for you folks to go out and try to sell that because anybody who has a house is saying, I don't want to pay more taxes. Nobody wants to pay more taxes. We were hopeful because we did have a discussion with Ms. Broten around that residential assessment cap, but I guess it was outside of the scope that her report was meant to include. But it is something that will eventually have to be dealt with.

We understand the rationale behind it. We understand that there are people who ended up suffering because of things that went out of their control. Mr. MacLeod talked about his friend out on the Mira, the house that they've had for 100 years in their family, and some European comes in and builds a million dollar house next door and their assessment goes through the roof. That's not fair, but we feel that particular piece of legislation has had some unintended consequences and we agree that that gap between business taxes and residential tax rates cannot grow anymore.

I think the report that was done by Harry Kitchen and Enid Slack provided very good evidence to support that argument and I'm hopeful that this government will eventually look at it.

MR. CHAIRMAN: I now turn the floor over to you guys for any closing remarks that you wish to share. Ms. Conrad.

MS. CONRAD: I might just take a moment and comment on our work at the municipal level. We're pretty active on that file and we have met with the mayor and CAO and shared similar kinds of concerns related to the tax burden, the open-for-business climate. So making sure that the leadership shows that the culture has to move all the way through the departments to ensure that folks who want to step up and make changes within their departments are rewarded, that they aren't so closely managed to make sure that they're delivering the letter of the policy that they are actually chasing businesses away. So we've actually done a fair amount of work and we've taken examples from our members to both the city CAO and the mayor.

In summary, I would just like to say that I would encourage you all to think broader from the province's perspective - the opportunity for the province to grow. While there is a challenge in going back to your own constituencies to say I am worried about the job here, I am worried about changes to health care here - overall as a province we can no longer afford to do things the way we are. One of the things that we've seen from the Now or Never report is the need for urgency.

One of the things that even if you don't agree with everything in the Broten report that we cannot continually do the things the same way and expect things to have different outcomes. Changes are needed. We have a declining population. Our businesses are struggling under the weight of taxation and regulatory burden. When you are sitting around

the Cabinet Table and in the Legislature and at committees, it's really important for you to ask, why are we doing that if it does not grow this province?

MR. CHAIRMAN: Mr. Morgan.

MR. MORGAN: Mr. Chairman, committee members, thank you for the opportunity to discuss issues that are important to small business in Nova Scotia. Some of you are or were small business owners and can appreciate the challenges of running a small business in an environment of excessive red tape and high taxes. CFIB strives to remove these obstacles to small business success by working with legislators and public servants to address these issues.

Nova Scotians are about to embark on a very important provincial budget debate at the end of this month. As the government wrestles to bring its deficit under control, it must remember that controlling expenditures needs to be the first option of controlling a deficit, not increasing taxes.

CFIB members are very clear that the government must reduce its own spending and not increase revenue through increased taxes. In particular, any increase to the small business tax rate, which was recommended in the Broten report, will be strongly opposed by the CFIB and our members.

By constant focus on the revenue side of the equation the province is saying we can't control our costs so we must take revenue from you to balance our budget. As I mentioned a little bit earlier in a conversation with a Finance and Treasury Board Department official at a public consultation only this week, it was suggested that that is often the course of action because reducing spending comes at a political cost.

What we are asking is what the Ivany report is asking: to set aside the calculation of political capital for a time and look at the function of governing. Small businesses are the economic engine of our provincial economy, and by increasing the small business tax rate, the province is looking for an easy answer for a financial problem and hurting the ability of small business to expand and thrive.

I ask that each member of the standing committee urge the Minister of Finance and Treasury Board and your respective caucuses to oppose any increase to that tax rate. I will remind the committee members of the words of the 2013 election: "Instead of writing blank cheques to large corporations, we will refocus attention on small businesses, offering supports and incentives to help them grow their operations. Nova Scotians have pride in their businesses - it's time government did as well."

I ask you all how an increase in the small business tax rate would grow small business operation. It would not and that is why any increase to that small business tax rate must be rejected.

Also from the same document: “Conduct a broad review of our tax system to formulate a plan to give as much money back to Nova Scotians and their businesses as possible.” The proposed plan to raise the small business tax rate being discussed at the budget consultations and from the Broten report would run counter to that plan that was put forward during the 2013 election.

In closing, CFIB has many concerns that we would like to address in the upcoming budget to assist with the growth of our economy and that of small business. I would point to our pre-budget submission that has been provided to each caucus. As both the Ivany and Broten reports concluded, Nova Scotia is teetering on the edge of an economic abyss, both pointed directly at the need for urgent leadership and action to address the spectre of economic decay. The practice of simply saying small business is important to the economy and then ignoring its priorities in a budget must end now. If, indeed, the Premier believes that SMEs are a priority for government, the Minister of Finance and Treasury Board must then express those priorities through action. If the government will take action to help small business to succeed, all Nova Scotia will succeed.

We’re grateful for the opportunity to represent the priorities of our 5,200 members across the province and we look forward to the results of your deliberations. Thank you very much.

MR. CHAIRMAN: Thank you very much. I ask that we take a very short recess, until 11:20 a.m., so we can do some committee business that has come to light and then go from there. Thank you.

[11:18 a.m. The committee recessed.]

[11:21 a.m. The committee reconvened.]

MR. CHAIRMAN: I’d like to call the meeting back to order. It was brought to light that Mr. Dunn would like to put a motion forward on the table. So I turn it over to Mr. Dunn.

MR. DUNN: I’d like to make a motion and maybe just have a chance to make a couple of comments. The motion is, I move that meetings of the Standing Committee on Economic Development be scheduled for a more appropriate time going forward, which can be determined of course by this committee. That’s the motion and I just have some comments.

My understanding in that first meeting of Economic Development - I think it moved from Tuesday to Thursday - is they had agreed at that time that they would revisit it and have a look at it and see if that’s a good time. I’ve also heard that people have talked about maybe moving it to Thursday afternoon, which I would disagree with because of the fact that we do have some members who travel long distances. I guess I look at my colleague here who took at least five hours yesterday due to weather conditions and so on, but at least

between four and five hours, for example. It just depends on if you are in HRM or where you are around the province. That would make a late evening getting home. I'm thinking of constituency time also, trying to get as much constituency time in as possible.

I guess if I had my preference - if you as the chairman said, okay, it's your choice, when do you want to have it? I would probably say I would have it Tuesday afternoon, mainly because I'm here Wednesday anyway for caucus - so Tuesday afternoon, overnight, caucus, and then I'm back home and in my constituency on Thursday and Friday. Knowing that we were supposed to revisit that, I guess I throw it out on the table for discussion and go from there. Thank you, Mr. Chairman.

MR. CHAIRMAN: Just so you know, Community Services and Resources already sit on Tuesdays - so finding some time. We picked Thursday mornings because it was the day after caucus, but we're totally open for discussion here.

MR. DUNN: Do they sit in the morning, those two committees that you mentioned?

MRS. DARLENE HENRY (Legislative Committee Clerk): Depending on when the House goes in, Community Services will sit in the morning or the afternoon. Resources does meet in the morning, as well as Human Resources.

MR. DUNN: I'm not so concerned when the House is in because Monday is set aside. Being aware of that, Tuesday afternoons may be a more appropriate time. I'm just looking at time constraints - time here and time in your constituency and so on.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. LOHNES-CROFT: I believe I'm the one who put the motion forward for the Thursday morning, way back. The reason for that was like you said, most of us have caucus on Wednesday and then having a Thursday morning meeting would allow people to get back to their constituencies - travel Thursday afternoon and get back to our constituencies so that we have at least Friday, trying to keep things closer to Wednesday.

MS. PETERSON-RAFUSE: If we looked at Tuesday again in the afternoon, can we not coordinate it that it's not on the same date as Community Services? I'm sure there's a way if you sat down and looked at the variety of committees and they pick different Tuesdays of the month, why don't we just pick one that's not one of those Tuesdays? I have to agree with Mr. Dunn; it would be much more efficient for us Tuesday afternoon because I also usually travel in for the caucus on Wednesday.

MR. CHAIRMAN: Mr. Dunn, go ahead.

MR. DUNN: I guess it's not that I don't like being in Halifax and working and seeing my colleagues, but if there's a way to kind of condense it where I can live up to my

obligations and responsibilities here but also have maybe a little more time in my constituency would be great, I guess.

MR. CHAIRMAN: There are a couple of things. I guess we can ask Mrs. Henry's office to look into seeing if there's an available time on Tuesday afternoons, then she can report back to us via email. Is everybody okay with the email and recommendations, if this time will work?

The other side of this, Mr. Dunn, is you're also new to this committee and you haven't given Thursday mornings a shot.

MR. DUNN: Mr. Chairman, I don't think that's relevant.

MR. CHAIRMAN: I'm just throwing that out there as a discussion.

MR. DUNN: Well I'm throwing it back. I've been kicking the can around for a while. I've been on a number of committees prior to this year, so I'm . . .

MR. CHAIRMAN: I understand that, Mr. Dunn. Also this seems to have been working, except for a couple of hiccups along the way that we've been able to reschedule and manage these times.

MR. DUNN: But I also know that in that first meeting, my understanding is that it was to be revisited and discussed and looked at, and that's just what I'm doing.

MR. CHAIRMAN: So we're going to throw it back to Mrs. Henry to see if there's anything that will work. If not, then we're going to keep it on Thursday mornings.

With that I would first like to say that this is Mrs. Henry's last day with us and she'll be moving on to a brighter pasture, I guess. I would like to introduce Kim Langille - she'll be our new clerk and we're very excited to have her join this show.

With that I would like to - oh, Mr. Dunn.

MR. DUNN: A round of applause. (Applause)

MR. CHAIRMAN: With that, I would like to call the meeting to adjourn.

[The committee adjourned at 11:28 a.m.]