

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

ECONOMIC DEVELOPMENT

Tuesday, April 12, 2016

COMMITTEE ROOM

**Department of Business / Nova Scotia Business Inc.
Re: Nova Scotia Jobs Fund**

Printed and Published by Nova Scotia Hansard Reporting Services

ECONOMIC DEVELOPMENT COMMITTEE

Mr. Joachim Stroink (Chairman)
Ms. Suzanne Lohnes-Croft
Hon. Margaret Miller
Mr. Derek Mombourquette
Mr. David Wilton
Hon. Pat Dunn
Mr. John Lohr
Hon. Sterling Belliveau
Hon. Denise Peterson-Rafuse

[Hon. Margaret Miller was replaced by Mr. Bill Horne]

In Attendance:

Ms. Monica Morrison
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Department of Business

Mr. Murray Coolican
Deputy Minister

Nova Scotia Business Inc.

Mr. Mike Queripel
Director, Business Financing



House of Assembly
Nova Scotia

HALIFAX, TUESDAY, APRIL 12, 2016

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

1:00 P.M.

CHAIRMAN
Mr. Joachim Stroink

MR. CHAIRMAN: Good afternoon everybody, we'll call this meeting to order. This is the Standing Committee on Economic Development. My name is Joachim Stroink, I'll be the chairman for this afternoon's committee meeting.

I ask that we all turn off our phones. So that you know, the washrooms and coffee and everything like that are out in the hall, to the left. If there is an emergency we'll all exit the building and meet up at Grand Parade.

I ask you to do introductions.

[The committee members introduced themselves.]

MR. CHAIRMAN: I'll ask the witnesses to introduce themselves and then you can start with opening remarks. I ask that you be recognized, for Hansard, before you speak during the question period.

[The committee witnesses introduced themselves.]

MR. CHAIRMAN: Mr. Coolican.

MR. MURRAY COOLICAN: I apologize, first of all, that I have a bit of a cold and I may stop talking in the middle of a sentence or whatever. It's not intentional, it's just the way it is, I'm afraid, at this time of year. I was remembering actually when I was talking a bit about it this morning as to whether my voice would last. A number of years ago I had issued a report in Ottawa and was doing media interviews and was halfway through that interview on *As It Happens* and my voice just totally gave out so I didn't get much coverage the rest of the day.

What I thought I would do for the presentation first would be to talk a little bit about the mandate for the Department of Business, our focus on economic growth and the *Now or Never* report, some of our objectives, guiding principles, strategic priorities and coordination. Then Mike will do a quick overview of the Jobs Fund.

The mandate of the Department of Business is to lead and to align all of the government's efforts to expand business and social enterprise growth in Nova Scotia. One of the ways we're doing that is not through programs that are developed in the Department of Business but through a role of providing strategic direction and leadership to all provincial government departments that have an impact on economic activity; for example, the Department of Energy would be one of those departments that has an impact on economic growth in the province. We would be working with the Department of Energy if we could get their deputy to co-operate on some of the directions that they are moving in.

We also are playing a role in trying to ensure that the Crown Corporations that the department is responsible for, which include NSBI, Innovacorp, the Waterfront Development Corporation, Trade Centre Limited, and Tourism Nova Scotia to make sure that their specific mandates are aligned with the direction that the government wants to move in.

If I take NSBI, for example - I'll touch on this a little bit later - the government is quite focused on trying to increase the amount of trade that is being done outside the province. So there has been a shift in the work that NSBI has been doing in the last couple of years to move them more into helping companies that specifically need the help to help increase their exports. I think they've been doing a lot of work in the fisheries sector, for example, and there have been some pretty positive results from the lobster industry with some of the trade work that NSBI has done.

The Department of Business is - I almost hate to say this - a successor to the Department of Economic and Rural Development and Tourism, but when I took on this job I thought I was going to be going to the Department of ERDT, just shrunk a little bit. When I got there and started to explore what's happening, it really is a very different organization. It's much smaller, does not have significant programming. It has much more of a coordination mandate similar to a central agency than a program department as ERDT used to be.

For example, we're not providing direct business loans, grants, or incentives. We're not delivering programs and services to various segments of the economy. We're not providing core funding and support. We're not working in silos. I'm not sure we've accomplished that goal yet, it's pretty tough at times in government, but we want to work on a co-operative basis with other departments.

We're not focusing on non-business areas. We're trying not to duplicate economic efforts of others. We're not competing with other agencies of government for clients, and we're not overseeing trade policy and negotiation.

So what are we doing? We are in the business of working with private and social enterprise sectors to improve the business environment. We're collaborating with stakeholders and partners - for example, universities, colleges, municipalities, the federal government, and industry associations. We are developing plans and policies to help grow business in certain key sectors, and we're fostering entrepreneurship and innovation. We also administer Invest Nova Scotia, and I'll talk in a minute or two about Invest Nova Scotia. We are aligning government behind a common economic agenda.

I might add, in terms of Invest Nova Scotia, that the Department of Business is not making decisions on behalf of Invest Nova Scotia. It's an independent board that is making its own decisions about the funding that it provides.

I'm sure this committee has seen these slides a number of times. They appeared in the *Now or Never* report. They underlined the need for action. On the left-hand side you see GDP growth from 1981 until 2013 - compound annual growth rates - and you see that Nova Scotia was dead last or tied for dead last with other provinces across the country. This has to change.

On the right-hand side is Nova Scotia population looking out from 2014 to 2040. It looks at the different age categories as well. As you can see, those of us in the over 65s are growing, and the population is flat or declining - I would say flat at best. These numbers are a little out of date in that I think the report was January 2016, we saw a slight increase in population due to a number of factors, one of which was the increased efforts the government has been putting into immigration and also a slight increase in population from losing fewer people to places like Alberta and more of them were coming home. We've got a lot of work to do to change that longer-term trajectory.

Our objectives are to provide a guide for how government will assist in achieving the One Nova Scotia goals. We will be articulating the government's role in growing the economy and we will be articulating how government will operate to facilitate economic growth. The fundamental premise of this is that the private sector leads growth. This is not going to be the province trying to lead the private sector to create businesses on our own or to provide significant investment to business.

Some of the principles that we are using are that our role should be strategic, we should be focusing government policy efforts on some key priorities, that our actions should be focused. That means we will be focusing limited resources to coordinate and align government rather than putting money direct to business and that our decisions will be rooted in evidence and impact. So we're going to look at the policies and programs in different departments, and we will be measuring and evaluating those.

To narrow it down a little bit, what might some of the strategic priorities be? The first three are more general in nature in some ways. We want to create fiscal sustainability across the government, and as we achieve that, put in place effective tax policy. We want to enhance education, training, and workforce attachment. We want to ensure regulatory and service excellence. An example in the education system is that the province is moving to provide coding classes through the school system.

Ensuring regulatory and service excellence; the work of Service Nova Scotia is important to that and also the regulatory reform secretariat, under the leadership of Fred Crooks, which in particular is looking not only at regulatory reform in the province but also in co-operation with our regional partners.

We want to focus on entrepreneurship and start-ups; we want to support innovation and commercialization; and we want to strive for global competitiveness, trade, and investment. For example, the work we are doing with Innovacorp to help support innovation and to provide some of the funding to allow innovative companies to grow - support for ideas or for organizations like Volta, which is an incubator and start-up organization, as well as COVE, which a number of you were present in the Natural Resources Committee when I talked about some of the work that we're doing at the old Coast Guard site. I've already spoken a little bit about NSBI's emphasis on international trade and investment.

We also want to build capacity and potential in high-potential clusters, so Ocean Industries, and again from the presentation I gave at Natural Resources from an energy perspective, there was a lot of emphasis on tidal energy as well as the offshore. Those are both activities that support a centre of ocean technology expertise for the province.

So a lot of the skills that are required to put tidal turbines in the water are skills that companies have developed working both with the defence industries but also with the offshore oil and gas industries and environmental industries, learning how to measure the environment that you find, learning how to develop technology that can allow you to see fish in the Bay of Fundy, for example. A lot of those technologies cross over from one area to another.

Also agri-food and seafood. I mentioned seafood a minute ago and the work that NSBI is doing there. Then there's ICT - Volta is an example of an incubator and start-up organization that is focusing in the ICT area.

I talked a little bit about coordinating government resources, and I won't spend a lot of time on this slide, but we are creating outcome agreements between the Department of Business and the Crown Corporations that we do manage. It's to create greater accountability to ensure that the Crowns are working aligned with the policies that the government wants to focus on. We are doing alignment agreements with government departments, which again is to try to coordinate government resources behind a common agenda, among the different departments.

I want to give a quick overview about funding and accountability, and this goes back before the Department of Business was set up. The Nova Scotia Jobs Fund Act was proclaimed December 21, 2011, replacing the Industrial Development Act. The Jobs Fund was closed to new transactions as of April 1, 2014. The Accountability in Economic Development Assistance Act applies to assistance after that Act was passed on October 22, 2013, and that improves transparency and accountability. A lot of the files that you might be interested in today, the information that we can talk about is on the government's website.

Invest Nova Scotia was introduced on May 1, 2014. As I mentioned, it has an independent governing board to focus on broad sector and regional projects. It's important to understand that Invest Nova Scotia is not a replacement for the Jobs Fund. The most important difference is that the Jobs Fund gave funding directly to businesses; whereas Invest Nova Scotia will not be providing money directly to businesses. It will be providing money to broad-sector and regional projects.

As an example - and I'll just use this as an example, it's not a real one - you might have a number of companies in the energy business, something that would be a big help to the energy business would be some coordinated seismic work in the waters off Nova Scotia. So they might apply - I can't imagine they would get anywhere, but they might apply for funding to help them with their seismic work that would be work-shared across the industry as opposed to money being given to one corporation or another. That's a kind of example.

A better example might be in the wine industry where the Grape Growers Association might get together and say, we would like some research done in this area or we think that it would help our marketing efforts generally if there was money put into this activity. That's the kind of thing that Invest Nova Scotia might do - I reference "might" because they have not yet made a final decision on any of their projects. The idea is that it would not be money given to a specific company to either keep them in business or enable them to grow their business. It is money that would be given to a sector to help improve the business of all the companies in that sector, so quite different from the Jobs Fund.

As I mentioned earlier, the new department was created on April 9th, just about a year ago, with a significantly different mandate. Options were considered for the administration of the remaining Jobs Fund portfolio, and it was decided to transfer the Jobs Fund to NSBI for administration, given their direct-to-business mandate and expertise in portfolio management. If I look at the skill sets in the Department of Business and the skill

sets that I see at NSBI, I think it was a good decision to put the administration of the fund there.

The Minister of Business maintains oversight and budgetary responsibility, also for amendments and disbursements, but the recommendations and analysis comes from NSBI, which is why I brought Mike here to talk to you about the Jobs Fund portfolio as it exists today.

MR. MIKE QUERIPEL: I'll just quickly go over what the Jobs Fund is. As you all know, it's a collection of economic development agreements; a portfolio of about 80 clients, representing over 100 different agreements. The original authorization amount for the fund was \$892 million. As of the end of March 31, 2015, the net asset value of the fund was \$707 million, and over time that will continue to decrease as incentives are paid out and the principal is repaid on loans.

As you can see, the majority of the agreements are with respect to loans, or incentive agreements, and partially forgivable loans. I'll quickly go through what those types of agreements are. Loans obviously are typically repayable, secured, interest-bearing loans. Partially forgivable loans are loans structured with security repayment but there may be provisions for the forgiveness for all or a portion of the principal, typically based on job creation.

The final category is incentives, which are amounts paid out after the company has achieved certain targets - for example, job creation. The difference between the incentives and the forgivable loans is that with the forgivable loans, the money is given up-front and then forgiven later on and repaid if it's not forgiven. Incentives are paid after the fact, similar to a payroll rebate.

As you can see from this slide, the majority of the outstanding or the authorized amount is concentrated in 11 different clients, representing 85 per cent of the total authorized amounts of the fund. I'll just quickly bring up who those clients are and the total amount of the outstanding authorization.

With that, I think we'll be ready for questions.

MR. COOLICAN: Mr. Chairman, we're open to some questions.

MR. CHAIRMAN: I'll turn it over to questions. We'll start with Mr. Lohr.

MR. JOHN LOHR: I appreciate the presentation. I do want to get to that last slide eventually - that's pretty interesting - but I kind of wanted to start back up at the top with your mandate, Mr. Coolican. I notice that it says, “. . . to lead and to align all of the government's efforts to expand business and social enterprise . . .”

This business of leading and aligning, and I think later on you said that in terms of other government departments, your mandate was to help align. I mean clearly when we look back at that last slide, we see Nova Star in there. Your department had a clear role to play in Nova Star. My question is, going forward, did your department play a role in the negotiations with Bay Ferries, for example, in terms of this mandate?

MR. COOLICAN: No.

MR. LOHR: I'm kind of surprised to hear "no" because clearly this is likely the most significant business investment this government may make in this mandate. Can you elaborate why, when given your mandate, your department wasn't involved?

MR. COOLICAN: First of all, I think in terms of aligning the direction of government departments, our department, although it didn't exist at the time, might have been engaged in a discussion about whether there should be ferry service. But in terms of negotiating a contract for ferry service, that would be the role played by the Department of Transportation and Infrastructure Renewal, and I'm assuming with consideration for the Department of Finance and Treasury Board. I wouldn't see a role for the Department of Business becoming engaged in specific negotiations.

Let me give you another example that comes from some of my past experience, when the Department of Energy was working to negotiate an agreement between the federal government, the Province of Newfoundland and Labrador - now Core Energy and Emera - for a loan guarantee from the federal government for the Maritime Link and the Muskrat Falls project, I might have seen the Department of Business playing a role in terms of whether this is the right direction to be going for energy policy, generally, but I certainly wouldn't have looked at the Department of Business for direct involvement in those negotiations.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: It's certainly an interesting topic and I hope we have an opportunity to ask several questions.

I want to look at the last slide here: Snapshot of Clients. One of them is Cooke Aquaculture. Just to refresh your memory, Cooke has not met certain targets that were initiated by a previous government. I've heard the present Premier speak that that money should be paid back. I said publicly that the targets hadn't been met and that money should be sent back because it was allotted for economic development. Why isn't that money being recalled?

MR. QUERIPPEL: First of all, the amounts we have up here are the authorized amounts so I'll just quickly speak to that file. I've heard a few things in the media and whatnot in the last couple of months that aren't exactly accurate so just let me go through

where that sits right now. The total amount disbursed was \$18 million; \$16 million of which was for a repayable loan. That amount is fully disbursed.

The second part of the agreement was a \$9 million incentive agreement which was tied to four different projects in the province, one of which was the processing plant in Shelburne; \$2 million of that \$9 million was disbursed.

The company was required to repay all amounts disbursed under the \$9 million portion if all four projects were not completed by December 31, 2015. The company has repaid that amount so all amounts under the agreement that the company was required to repay as of December 31, 2015, have been repaid.

MR. BELLIVEAU: It is interesting in your first slide, the mandate of the Department of Business says: provides strategic direction and leadership to all provincial government departments, Crown Corporations and Agencies, “. . . to achieve alignment on strategy and operations for business and social enterprise growth.”

You also made note that you talked about One Nova Scotia, or the Ivany report. It's interesting, I stood across the street in the House a year ago this month and identified that same particular project - the Ivany report. It talked about the opportunities of doubling fish exports in the next 10 years. I asked for all-Party agreement that that can soon be achieved. The Ivany report has been out for close to two years now, I believe. There doesn't seem to be any co-operation, and that's one thing that the Ivany report talked about: co-operation to get on this path of achieving some of these goals.

The fishing industry knows some success stories, and you alluded to it several times. The opportunities are there to double fish exports in the next 10 years. That's going to have a significant impact on rural Nova Scotia, but to me - and the question is - I've observed that there doesn't appear to be any willingness for the political Parties to align themselves to push that goal of the Ivany report. I'm asking you - the opportunities are there - why isn't this happening?

MR. COOLICAN: I appreciate the question. I'm reluctant to wade into the lobster industry with my friend here who has a little bit more experience than I do in the lobster industry - I'm sure all facets of it, including eating them, than I have.

I can tell him - and I don't have the exact figures here, but I'd be happy to get them for him. There has been a significant increase in fisheries exports over the last year. I think some of that is due to the changing value of the Canadian dollar, but I think some of it is also due to some of the work that has been done - particularly in China, in opening new markets in China for the fishing industry, including the lobster industry.

I had the privilege of accompanying the Premier on a trip to China last Fall. My purpose in being there at the time was primarily energy, but there were a number of events related to the seafood industry, which I thought I should attend, organized by the Nova

Scotia Government to display Nova Scotia seafood in a very positive way that created a lot of excitement in different parts of China. I think that has led to increasing business and increasing prices for those fishing interests that are participating in that. I think there is activity that is happening. NSBI is putting a much stronger focus on contributing to exports in the fishing industry than they have for a number of years. I think that's starting to pay off.

Obviously, this is a case where the members of the fishing industry themselves are helping to make this happen. This is not something where the government is going over - the sessions that I was at in China were all about people from the fishing industry here displaying their wares. The Premier was there and said a few words at the beginning, and his presence helped to create some excitement and increase the number of people who were there, I would think. But it was the spokespeople for the fishing industry themselves who were talking about their business, how they run their business, the level of quality that they bring to their business, as well as the opportunity for people to taste their wares, which helped to create the excitement.

This is an example of the government helping to provide a platform for a sector - the fisheries sector - but it took the effort of the fishing sector itself to make the sales.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: The Jobs Fund closed April 1, 2014, to new transactions. Why does it still cost us money?

MR. QUERPEL: The total authorization was capped at \$892 million as of April 1, 2014, so there are no new authorizations under the fund. On an annual basis when you look at the number - I believe it's budgeted currently at \$159 million over five years - that is made up of a few different items. It includes the payout of incentive agreements that are pre-existing financial commitments of the province. It includes write-off of bad debt or further reserve on existing debt. It also includes recognition and forgiveness of loans that have a loan forgiveness portion to them. So when you add all that together, it's recognizing that portion of the financial commitment to the province represented by the Jobs Fund that's being recognized in that year. Those costs will continue into future years as the fund is wound down. The budget estimates are estimates of the timing of the recognition of those costs.

MS. LOHNES-CROFT: Do you plan to recoup any money with the Jobs Fund?

MR. QUERPEL: In terms of recoupment, we'll say, that can occur in a few different ways. Obviously principal repayment of repayable loans comes into that. I believe there's about \$14 million based on the 2015 numbers. We also earn interest on the Jobs Fund. I believe that number is about \$11 million, again for fiscal year 2015.

In the event that companies are in receivership or bankruptcy there are opportunities to recoup on recovery of assets in those cases, but also a large portion of that commitment represents incentive agreements, which are paid out, provided the company meets the terms of that incentive agreement.

MR. CHAIRMAN: Mr. Dunn.

HON. PAT DUNN: I was just looking at your Snapshot of Clients and I saw DSME Trenton, so I said I must delve into DSME Trenton since it's in my constituency. They arrived on the scene in 2010 and prior to that - I think it was May 2007 when a very good employer left, Greenbrier. Of course, keep going back, Hawker Siddeley - I know you're familiar with that. I know a group is trying to secure a new owner now.

So my first question is what, if any, involvement is the Department of Business or NSBI - are you involved in that particular aspect of it, trying to search across the globe for a potential owner?

MR. QUERPEL: As you are aware, the company went into court-appointed receivership in March - PWC is the court-appointed receiver on that file. Obviously they're managing the liquidation of those assets and that's a public process. Information on that process is available on the PWC site.

From a monitoring perspective, the file continues to be monitored at the Department of Business. Obviously our investment attraction team is aware of the asset and the sale, and we'll work with the receiver if any opportunities come up to find a potential buyer for the assets.

MR. DUNN: I'm not sure if this particular value is correct, but I'll throw it out there. There may have been approximately \$38 million in salaries during the time that they were involved in the plant. Again, I'm not positive that's accurate; however, I'd be very interested in knowing a breakdown of what the employees from the Province of Nova Scotia made compared to the employees that were over working at the plant from South Korea. I know you can't give that to me now, it wouldn't be at your fingertips, but I'd certainly be interested in securing that information.

The \$55.6 million that's showing on your screen there, that particular amount of money, was any of that able to be recouped? I know you mentioned through selling off some of the state-of-the-art equipment that's in there right now.

MR. QUERPEL: The company is in receivership so at this point we don't know what their recoupment would be. It would depend on what buyer can be found for the assets.

MR. DUNN: Just one last one, would you have off-the-cuff what was required from the same process that occurred prior to DSME coming in in 2010 from the former equipment in the plant, from Greenbrier, Hawker Siddeley?

MR. QUERIPEL: I'm afraid I wouldn't. I'm not sure what the process was for the sale of the assets.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Again back to the department's business mandate. You make reference that it provides strategic direction and leadership to all provincial government departments. Again I want to focus on Fisheries and Aquaculture. The minister in the most recent months announced most recently that fish buyers, processors, will have to have a mandatory lobster handling course by the end of this year in order to renew their licence. I suggest that that's probably going in the wrong direction.

My question is, that to understand the science of what's going on in the water - we have one of the warmest waters in the Bay of Fundy in the approaches to the Gulf of Maine, is warming faster than any body of water on this planet. One of the reasons the minister has misunderstood that question is that the lobsters in the Fall and winter fisheries are moulting closer to the opening of the seasons.

In recent years we've had federal money cut for the science. I'm suggesting there's a question regarding the late moult dealing with this question. It's not an issue of having people like Mr. Risley or some of the people who have three or four generations of knowledge to take a food handling course. Now my question to you is, do you agree with me that there should be some more work to understand just what I explained about the warming temperatures and late moult and to have that consultation with the industry as they move forward?

MR. COOLICAN: I think the ability of the Department of Business to provide some alignment with other government departments might suffer somewhat if I answered that question at this time. I think you are raising what is a fairly controversial issue in the industry, from a perspective of quality and raising quality to the level that people think it should be to get the best value for the product in international markets.

I think it would be the Minister of Fisheries and Aquaculture and Agriculture who will speak for the government on that issue. Certainly in our view it's the improvement of the quality of the produce will certainly help to get more value for that product in international markets.

MR. CHAIRMAN: Mr. Belliveau, do you have a follow-up on that topic?

MR. BELLIVEAU: I'll leave it at that because I have another round of questions, so I'll leave it at that.

MR. CHAIRMAN: We've got lots of time.

MR. BELLIVEAU: If I can continue on that theme, I . . .

MR. CHAIRMAN: We'll come back to you. Mr. Wilton.

MR. DAVID WILTON: So in the absence of the Jobs Fund, is the Department of Business supporting any project that could help or grow our economy?

MR. COOLICAN: There are a number of projects that I mentioned where the Department of Business is engaged, which would be the COVE facility across the harbour for ocean technology, the encouragement of Volta and working with others in partnership, for example Dalhousie University, to encourage more opportunities for students and others to be involved in creating start-up companies to innovate and create employment. So those are some specific examples. It is not the role of the Department of Business to become directly involved in long-term programs that will provide funding to this business or that business. It's more to be supportive to sectoral development to put some focus on things.

To give you another example of that kind of co-operation and focus, the Department of Labour and Advanced Education is working with Acadia University in the agricultural sector in the Valley to help to create some innovative products at Acadia University. There's what they call a Sandbox there which encourages students to come together to bring innovative ideas to form small companies and try these ideas out. Because of the location of Acadia, they're obviously close to the agricultural sector and so they're working closely with them.

I was up there a few weeks ago and saw, for example, an app on somebody's phone that they could take a picture of a blueberry bush and the phone would then tell you how many blueberries there were on that bush. So if you took a number of pictures across your field and averaged them out, you get a pretty good sense of what your harvest is going to be. So that's information that can be quite useful to the farming community.

I also passed by a small company that's doing work with drones, and the drones are equipped with sensors that fly over fields and come back with information - again, that's useful to the farmer. So there's a good example of a university, the Department of Labour and Advanced Education, and the farming community working together to create new products that will create jobs but could also help the agricultural sector.

MR. WILTON: So what kinds of monies do you have available in your budget for expanding on that? Are you limited to a certain amount per year?

MR. COOLICAN: The budget for Invest Nova Scotia, which is not the department - I'll have to make sure I get this number correct - is \$5 million per year. That's money that's available to invest in sectors, but it's an independent board that does the decision making in response to the applications that come in. It's not money that comes directly from the department.

So in a lot of ways the department itself will not be operating programs and making decisions about where money is going. It will be to try to encourage other departments to move monies in certain directions. It's to oversee the Crown Corporations like NSBI, to make sure the money they're spending on development of trade, for example, is going into sectors like the fisheries sector, which is a priority for the government.

MR. SPEAKER: Mr. Lohr.

MR. LOHR: The question from my colleague across the table leads me to a question that relates to that too. I know that there was a lot of talk about government picking winners and losers in the past, and we can see in those last pages the number of companies that receive considerable funding.

But in fact, to answer the question, there is still some of that going on through the payroll rebate program. Maybe you can enlighten us on the payroll rebate program and what criteria there are for companies to receive payroll rebates and who's giving out the payroll rebates. Who's managing it?

MR. COOLICAN: I'll see if I can answer your questions, and if Mike wants to add anything - I'm not sure the extent to which that's a direct responsibility of yours.

The payroll rebate program is managed by NSBI, and as part of their accountability, the information about the decisions that they make is again on the website. As I understand the program, the company gaining the incentive does not receive the incentive unless they've created a certain number of jobs. The cost of the incentive should not be greater than the taxes that might come from those jobs that are created.

It's an investment that brings in jobs. I won't say there's no cost to the taxpayer, but it's a net benefit to the taxpayer, especially those who get jobs. But also for the finances of the province, it's a net positive.

MR. LOHR: I would be interested in hearing Mike's comment, if you have a comment on that.

MR. QUERPEL: The program hasn't changed recently as a result of the creation of the Department of Business. As Murray said, we assess each opportunity on its own basis. We want to see strong job creation. The incentive itself is not paid out until the company creates the jobs and we measure the return on individual projects based on our estimated tax revenue, as a result of the new job creation compared to the percentage of the rebate we're paying out.

MR. LOHR: My question would be about a specific one that you paid out or signed onto in January of this year. I'm from Kings North and we have the Hillaton carrot plant that was closed in November 2015 at the loss of 98 seasonal jobs - I think approximately 50-some - 51 or 52 - full-time jobs. Then in January, Oxford Frozen Foods was signed on to a payroll rebate for jobs created in Oxford.

For many residents of Kings County it looked like less jobs created in Oxford in the same business resulted in a payroll rebate, so our jobs went from Canning to Oxford - they got a payroll rebate with a cut of a net loss of 98 seasonal jobs in Hillaton. Can you comment on that? Would you take a calculation of net gains and losses if companies are making lateral moves?

MR. QUERPEL: Certainly I can't speak to the analysis on that particular file as to whether it was determined one decision resulted from another. The rebate is calculated on the projected incremental employment created in the province.

MR. LOHR: Maybe in the future, we would make you aware of what's happening in Kings County before you make decisions in Cumberland County.

MR. QUERPEL: Like I said, I don't have direct involvement with the file so I can't speak to that.

MR. LOHR: Could you provide that information?

MR. QUERPEL: I'm not sure what we can provide under the accountability Act.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: On the theme of developing our seafood products, there is a very quiet success story going on that gets very little media coverage. It is the Nova Scotia boat-builders boom. It's literally right across Nova Scotia. Some of the individuals I talk to, their bookings are out to 2021; five years down the road here. These individuals can double their workers and create a lot of good jobs in rural Nova Scotia, and they're hungry for these experienced workers like welders, electricians, fibreglass workers, pipefitters, and engineers.

We know that we've lost a lot of our workers out West. Is something being done to attract and get these individuals to these particular shipyards? Are there programs available that can possibly address this? Five years is a long while to wait for a vessel to even be started. To me, there are great opportunities there for rural Nova Scotia - can you address that?

MR. COOLICAN: The first thing I'll do is disagree with your premise about lack of media coverage. I was listening to CBC the other morning and Paul Withers was providing us with a good-news story, which is exactly the one you gave. I was surprised about two things: (1) it was a good-news story from the fishery; and (2) it was a good-news story from Paul Withers. So that was a double.

MR. BELLIVEAU: You had a good day, then.

MR. COOLICAN: I think you raise an important point and I'll certainly discuss this with my colleagues in Labour and Advanced Education, in terms of our ability to get workers to the right places.

I think one of the features of Paul's story - I think he interviewed one fellow who had been working out in Alberta and while the salaries were still better in Alberta, he thought that the permanence of having an order book as full as that, plus the opportunity to be with his family, provided him with the stability that he wanted to stay and he wanted to stay in the province.

I think that's an important factor - it's often not just the job, it's the perceived stability of the job. For example, if you have a large construction project that you may get work for a year or a year and a half, it might not be enough to keep you in the province if you don't see the next job coming after that. I think you raise a really important point, and I'll follow up with my colleague.

MR. CHAIRMAN: Mr. Mombourquette.

MR. DEREK MOMBOURQUETTE: Thank you for your presentation. Just a comment before my question. The Ivany report also talked about the tech sector a bit, too, and it's pretty exciting what's happening around the province with the tech sector, so I ask that you continue to pursue those options, especially with the CBRM. It's identified as one of the fastest-growing tech sectors in Atlantic Canada, a lot of start-ups and a lot of activity. I was with the Sandbox at Cape Breton University so there's a lot of great work happening with post-secondary students, right across the province.

My question is in regard to timelines. So the old fund is closed, we're into a new way of doing business - what's the timeline for the old Jobs Fund? How long will we be engaged in what we see here on the list? Do you want to provide a rough timeline?

MR. QUERIPPEL: Well I believe the longest-lasting agreement on the books is 2030, 2034 - something like that. Obviously the majority of that, though, will expire well before that.

We are in the process right now of completing what we call account management strategies for each of the accounts. Obviously our goal is to identify accounts that can be cleaned up, so to speak, and free up administrative time for other things.

The cost is not just the cost here, but obviously it's a cost of people having to administer the files because these are very labour-intensive files and they are not typical credit agreements, in most cases. Each of the agreements are different, they all have their own nuances, so it takes a lot of time to dig in and really understand them.

Once we complete the account management strategies, we'll be working to clean up as much of the portfolio as we can. Obviously these are commitments that are in place and they are in place for the time frames that have been agreed to, and the province has to live up to those agreements.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: In your opening remarks, you mentioned on one slide about some priorities - enhancing education, training, and workforce - and they're very sound and very good priorities. I think you mentioned in your remarks about coding in the classrooms. It sort of triggered my interest because I would say probably since late November, I've talked to a considerable number of teachers who I would say are the grassroots in the classroom - I'm not talking guidance counsellors, administrators, and so on. Coding is a great initiative. I'm sure it's going to get better. I just wish the department wouldn't come out and basically give the feeling that everything is fine with this initiative, because it's not.

In theory it's great. The reality is, it isn't yet - they're going through growing pains. I've heard comments from grassroots teachers - oh, it's a hit or miss; you have to be kidding; we're trying and doing our best. A lot of schools - and I'm not just saying in my area, I'm talking from Cape Breton right out to the mainland - the fact that texts are often not available to help this initiative move forward; outdated technology as well.

I don't know how many teachers I've talked to and said, look, it takes eight to 10 minutes to boot up our machines. Every classroom is supposed to have four machines. A lot of teachers said they must have thrown the four we have out. We might have a computer class in our building; however, in order to get access to that - and then when we're there to get the machines booted up, some of them are crashing, some of them aren't working. That's just the reality of it. Sometimes I hear, we're doing a lot of things and they're good things, but in reality . . .

MR. CHAIRMAN: Mr. Dunn, what is your question?

MR. DUNN: It's not a question really. I'm commenting on what was said. I don't know if you have any further comment with regard to that, but that's what I found out in my discussions with teachers.

MR. COOLICAN: Thanks for those comments. I will take them to my colleague, the Deputy Minister of Education and Early Childhood Development. It certainly speaks to when a government is trying to do something new and different: it often takes some time to get it accepted, to get it right, and to make the changes that need to be made.

Looking at the longer term, I do think it's a very important program for the province and its ability to attract high-tech businesses here, and to help the high-tech businesses that are being developed here to have this kind of climate where the education system, as well as other systems in the province, are encouraging this kind of innovation and different ways of doing things.

The other thing I'm talking about - I'm not sure I know what code is anyway. I just know that it's important. I couldn't fix a watch in my day either.

MR. DUNN: I agree with everything you're saying there. I guess where I'm coming from is, they should be doing the coding and it's a good thing. I'm sure it will eventually work out, but somehow we have to give the teachers the tools, which is the technology. I know it's difficult because there are a lot of schools across the province, but they need the tools to do it to be successful. Thank you.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Again, on that theme of success stories in this province - to me, it never seems to get the time or the media, so I'm going to raise another one that I feel is a success story. Actually, I may try to get some recognition for being in government at the time when this was actually approved: the expansion and the work that was done on the Halifax International Airport runway, to allow large cargo ships or aircrafts into that facility. To me, that is one of the things you alluded to several times about the expansion of exports using that facility. That is a very good success story that is very quiet. There are again more opportunities.

So my question is - to me there are opportunities to have storage facilities there, and I'm not in that field but I think you can appreciate where I'm going with this question, to have the facilities where you can bring in large aircraft for transportation and have the storage facilities there to accommodate. Is there any work being done to develop that particular strategic plan?

MR. COOLICAN: Not that I'm aware of at the moment. I am planning to go out to the airport to meet with the CEO out there to get a better perspective on what they're doing. I think for Nova Scotia our position on trade routes continues to be an important factor and the infrastructure that we have that supports the port here, the port and the Strait of Canso, the port in CBRM, the port in Pictou, and I'm sure I've left out a bunch - have I left any MLAs out? Joachim, you don't have one?

MR. CHAIRMAN: I've got none of them - I've got the Waeg.

MR. COOLICAN: Anyway, that kind of infrastructure, I think you're right to underline that. I think it's important to the economic development of the province. Certainly in the energy field our positioning in the world gives us an opportunity in liquefied natural gas if the markets are right, because of our positioning, and also the assets that we have in the Strait of Canso will also help to make that happen.

Certainly from what I'm told, the services at the Stanfield International Airport are important to the exports in the lobster and other parts of the fishery.

MR. CHAIRMAN: Mr. Horne.

MR. BILL HORNE: I appreciate you coming in today to speak about business and also the other components of your business plans. How does the department, or NSBI and Invest Nova Scotia - how do they work together, or do they work together? I know their mandates are slightly different but are they on a day-to-day basis, and what kinds of projects would they look at?

MR. COOLICAN: To my knowledge - and I haven't been there that long, but so far from what I observe - the kind of coordinating role will be with the Department of Business. So if we see something that NSBI is doing that we think that Invest Nova Scotia should know about or that another government department should know about, that's something we would undertake to provide that information to the other Crown Corporation or to the other department.

One of the things we're trying to do is make sure that NSBI has quite a different mandate from Invest Nova Scotia so that we don't have a lot of overlap. I think that the coordination and collaboration role will be important not just between the Crown Corporations, but between the economic activities of the different government departments.

MR. HORNE: Just one quick question, I guess. Talking about retention of companies that are already in Nova Scotia and some of them may be getting themselves into a little bit of a problem - how do you interact with trying to keep these companies in Nova Scotia?

MR. COOLICAN: I think the kind of economic policy that the government is putting in place is to try to create a climate for business and a climate for economic activity that will enable companies to be successful and encourage them to stay. I think that the province has for years worked on trying to provide direct subsidies to business to keep them active and encourage them to stay. Some of our experiences have been that when the money runs out that we may have delayed the departure, but they are gone nonetheless.

We are trying to put our focus on the right kind of climate that will help every company that is doing business in Nova Scotia be successful.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: When I think about it I'm kind of disappointed that we've gotten this far through a presentation on the Department of Business and NSBI and not talked about, and no one has mentioned, the Film and Television Production Incentive Fund. My question is, given that what was, I believe, a \$24 million fund has been cut back to \$10 million and changed and not fully utilized this year, does your department or Nova Scotia Business Inc., I believe - whichever one wants to answer this - see that as a sign that the fund is unworkable for the industry and not adequate?

MR. COOLICAN: The Department of Business has been working with the film industry to try to ensure that the fund is designed in a way that will make it useful and will help the industry to thrive. I think that given the amount of time we've had with the new fund - we've had 14 projects approved - \$3 million committed out of a \$10 million budget, so we think it's on its way back. At the moment we see the \$10 million as being an appropriate number for next year. We are working with the industry to make sure that the administration of the fund is done as quickly and as simply as possible.

MR. LOHR: I guess I have two questions, I'll give you both of them at once here. One would be I know there have been many who felt that \$7 million should be rolled into next year and the fund be \$17 million - has that been considered?

The second part of that question is, some would see the reason that the fund wasn't fully utilized was because of the presence of the cap - will the cap be removed off the fund?

MR. COOLICAN: I think there has been different terminology used, one is the cap. It's a budget item, so when the government is looking at its expenditures for the year it has to set a budget and it has to indicate how much it expects to spend in that area.

I think if there had been more uptake this year that we might be having a different kind of discussion. I think that given that we've had commitments of \$3 million on a \$10 million fund that there's still room for the industry to grow. I don't see that amount as putting constraints on the industry's growth.

MR. LOHR: I sure would like to have an answer to both parts of that question but I'll just ask one again, will the \$7 million be rolled into next year and the fund be \$17 million?

MR. COOLICAN: I'm not aware of any change that would have that happen.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Getting back to the payroll rebates, and something that irritates me, I've heard this from this government, it talks about how they would not get involved with large corporations or corporate welfare but yet they'll hand out large payroll rebates to places like the Royal Bank, Butterfield Bank from Bermuda, with assets of \$9.9 billion; I was just looking here, one of the journalists made a comment about the bank from Bermuda, that they are on very strong footing; and I understand that, so again, it's a job of picking winners and losers.

These are large banks. I've never seen a large bank struggling, but I do see an industry. My previous question was to ask if there's any money allotted for understanding what's going on with our oceans, dealing with warming temperatures, for the science to understand the question about moulting later in our seasons. There appears to be no money to address an industry's needs to understand that question, but there are large contributions of money for large corporations. Can you explain that?

MR. COOLICAN: First of all, it was an interesting segue from banks to the temperature of the water in the Bay of Fundy. I'm not sure what I'm going to do with that. I'm used to talking about the speeds of the water in the Bay of Fundy not the temperature of the water in the Bay of Fundy. I'm not sure whether the temperature would increase the tidal output or not; I'll have to look into that.

The government makes decisions on what kind of funding it's going to put into economic development, and it makes decisions about what kind of money it's going to put into other industries like the fisheries, agriculture, and aquaculture industries. I think, and you'll probably correct me very quickly if I'm wrong, but I think that most of the scientific research that's done around fisheries is done by the federal Department of Fisheries and is a federal responsibility.

MR. BELLIVEAU: Could I interject? I think this is an important time and actually an important segue because there appears to be money for large corporations, and the point that I was trying to tie in is that my earlier question was that there has been federal monies cut for science. This is an important question regarding the economic engine that drives rural Nova Scotia to understand that question, and we have a minister who's going in the wrong direction asking fish processors to go back and educate themselves on how to handle lobsters.

If you have money for large corporations, my question is why not have . . .

MR. CHAIRMAN: Mr. Coolican - Mr. Belliveau, you can let Mr. Coolican answer.

MR. COOLICAN: Just an aside and then I'll get to the big corporations. My understanding is that the federal government in the last budget has increased the money they're putting into science on the fisheries side, which I think is a good thing.

In terms of attracting companies to have employees work out of the Province of Nova Scotia, the work that has been done indicates that there is a net benefit to the province in terms of having these workers here paying taxes so that we don't put out more in subsidies on the wages than we get back in taxes. So it's a net benefit to the taxpayer; and it puts, you know, it is a net benefit which can either be spent on scientific research or it can be spent on education or it can be spent on other areas, or it could be spent on tax reductions; but it is a net benefit.

I think that some of these companies bring significant benefits to the community beyond just the jobs that are here. If a number of the areas that we've talked about in terms of technology and ICT and ocean technology companies like IBM and their investment in Halifax, is going to be very important to the future development of those areas.

The work they're doing in big data, in developing a big data centre here, is going to be important for all of those activities, and I would argue that there might also be a role, if there's enough scientific research done by the federal government into the fishery, that some of the IBM big data work could help the analysis of that data to draw conclusions about the fishery.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. LOHNES-CROFT: Mr. Dunn, I think our caucus office got a few of those computers. (Laughter)

I would like to talk about the Jobs Fund and your overview. You stated that there were other options considered for administering the remaining Jobs Fund portfolio. It is being handled by NSBI currently. What were some of the other options besides NSBI?

MR. COOLICAN: The only option I'm aware of - and I wasn't around at the time and I haven't read the work that was done - I think the other option that was looked at was to leave it in the Department of Business. Based on what I know today, I think it's in the right place.

MS. LOHNES-CROFT: Because?

MR. COOLICAN: Because NSBI has a better set of skills for analyzing business agreements and understanding the circumstances of the companies they're dealing with than the skill set at the Department of Business.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: My question is actually something that my good friend Mr. Mombourquette said earlier dealing with tech companies. Is the focus of the department more attracting and enticing start-up companies as opposed to manufacturing facilities like in my area - like Maritime Steel, the Trenton plant, and so on - so as opposed to manufacturing and industrial facilities, excluding shipyards and so on?

One reason I bring that up is, I think of a couple of my kids that work in California for companies. It's just totally incredible the very viable, productive start-up companies that are often swallowed up by bigger companies - good-paying jobs, good employees, state-of-the-art stuff. Is there a focus through your department to globally look for these companies, to keep bringing them in?

MR. COOLICAN: I think that what we're looking at in the start-up area is to be encouraging companies to start here - providing opportunities for the graduates from our universities to start their own companies. We do have examples already of kids - I shouldn't call them kids but given the relative age that may be more appropriate - who have put their time into starting up companies and have been very successful. They're actually putting their time back into helping others do this work. So both Navigator in Sydney and Volta here in Halifax are being led by two gentlemen who had a successful start-up and they're putting some of their time back into helping others do that.

You mentioned technology and manufacturing. Dalhousie University is looking at a replacement to their engineering building. Through some work with the private sector - primarily Emera - they're going to add a part of that building to contain new equipment that's used in 3D printing so that those students will have the kind of top-of-the-art equipment they need to do for modern-day experimenting with manufacturing, as well as creating additional space for start-ups in this building.

So Volta in the ICT sector, the Dal engineering building in the technology sector, and COVE looking at ocean technology - and most of the ocean technology I know is hard technology and ICT in some kind of combination. We're hoping that that will create a number of start-ups that will grow. Some of them may get taken over by other companies, but if we gain a reputation for being a place where that kind of company starts, we will be more successful in keeping young Nova Scotians here doing new and exciting work.

MR. BELLIVEAU: Earlier, you said there have been 14 projects approved through the Film Tax Credit's new structure. My understanding is that you suggested there were 14 that have been approved.

My concern is that Arcadia Entertainment suggested recently in the media that they may close, due to the realignment of this tax credit. They say they've gone from 100 productions to now zero. My question is, there have been 14 approved, how many of these applications are out there and is it not that the government now is just simply picking the winners and losers? It appears that Arcadia and companies like that have not been successful. What is wrong with this process that you have this outcome?

MR. COOLICAN: First of all, the applications for the film program are administered by NSBI and the government doesn't pick the winners or losers for those applications. They have certain criteria that have to be met and the applications are processed expeditiously. There was one case that kind of didn't help the average but that was a case where the application was not completed when it was filed and it took some time to get the information necessary to bring that together, but for the most part the applications are handled expeditiously.

It's our view that companies will obviously make their own decisions about their own future and what they choose to apply for and don't choose to apply for. Our view is that fund, as it exists now, with continuing administrative improvements, forms the basis for the industry to continue to exist and to grow.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: Yes, the cap, I guess I wanted to follow up on that and now I have an opportunity. It really is just using that term means essentially the structure of the film incentive fund. I mean if it was 70 per cent underutilized and 30 per cent utilized this year and clearly this is a moment in time with the exchange rate that other provinces have seen explosions in the number of films happening in their provinces and we see an out-migration of film workers. We've had a collapse in the film industry here in Nova Scotia. Will your department seek to change the structure of the film incentive fund?

MR. CHAIRMAN: Just a reminder that we're here to talk about the Jobs Fund. It's up to the guests here to decide if they feel that they are briefed enough on these topics to answer them. You do not have to answer them if you do not wish, you're here to talk about the Jobs Fund. I leave that in your court.

MR. COOLICAN: I'm not happy to answer these questions but I will. Our view is that the take-up that we're seeing in the fund now, there obviously was a transition. We think the industry is growing and we think that the fund of \$10 million will be the right amount to see the industry grow next year.

MR. LOHR: I'm just curious, when you look at an industry like that, and maybe industries in general, with government funding and you evaluate the effectiveness of that funding, do you recognize the multiplier effect? The film industry was bringing in the spending of hundreds of millions of dollars on that \$24 million incentive fund. Do you just simply look at it from the point of view of tax revenue directly back in, or do you look at the multiplier effect in your deliberations of economic benefit? If so, what number?

MR. COOLICAN: Given that the department is not involved in any programs that are direct to business at this point, I'm not aware of any analysis on multipliers. I'm aware of analysis of multipliers in the past. Certainly in the energy sector we've done a lot of work on the kind of multiplier of investments in tidal energy, for example, and how much economic activity that creates outside of simply the purchase or manufacture of the turbines, if they're manufactured in the province.

I think in following discussions around government the last number of years, people have always been critical of spinoff jobs and the idea that for an investment you get not only the tax revenue from the jobs that are there, but you get the revenues from spinoffs. I think that's one of the reasons, when it comes to the payroll rebate program, why the government has focused simply on the taxes that come from the employees who are employed by the company and has not looked at the spinoff benefits. The spinoffs can be applied to any activity. I would assume that some companies have a little more spinoff than others, but they all do create spinoff in the local economy.

MR. CHAIRMAN: Mr. Horne.

MR. HORNE: I just want to change the subject a little bit and go into the Crown Corporations that you deal with. How many are there in Nova Scotia and how do you on a day-to-day basis work with the Crown Corporations to try to bring them under similar types of conclusions . . .

MR. COOLICAN: Maybe someone can help me on the other Crown Corporations. The ones that we have: Nova Scotia Business Inc., Innovacorp, Waterfront Development Corporation, Trade Centre Limited, and Tourism Nova Scotia. That's five. There is the liquor store, isn't there? Unfortunately the liquor store doesn't fall under my responsibility. (Laughter)

MR. HORNE: So it's kind of limited to these.

MR. COOLICAN: The role that we play is limited to those and I think with the new Trade Centre, we're in a co-operative relationship with HRM as well.

MR. HORNE: The day-to-day operations, do you speak to these groups every day or is it as issues come up?

MR. COOLICAN: Sometimes that's the same thing. (Laughter) I think what we're trying to do is to regularize the contact so that the department is not involved in the day-to-day operations of the Crown Corporations. They are autonomous organizations and we will be talking to them in terms of what their broader direction is and what their business plan for the year is; what the outcomes are that they're expecting. We'll be measuring them against those outcomes and keeping track of that through the year. I hope I'm not into the details of what time Mike shows up for work in the morning and when he leaves at the end of his day - or late at night, I guess.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: If I could get your attention just for clarity on Page 9 of your presentation, Strategic Priorities to Focus Actions - No. 7, the bullet there, "Build capacity in high potential clusters," - I see you talk about ocean industries, agri-food and seafood. To me, that's kind of glossy. Can you expand on what that's talking about - potential clusters? What does that describe?

MR. COOLICAN: It's a kind of chocolate candy that comes in clusters. I should have paid more attention to the words, I guess, eh?

Let me give you an example; I think in ICT one of the things we're trying to do is create what they call an innovation or a start-up ecosystem, so think cluster, think ecosystem, where you are bringing together a number of companies and providing them with a situation where they might have contact with other companies that are older, more established. It might bring them into contact with mentors, it might bring them into contact with competitors where we wind up with some co-opetition happening.

A number of weeks ago I was at an energy conference in Port Hawkesbury that was looking at the supply chain in the energy business and how to help companies in the supply chain to get business from the tidal industry and the oil and gas industry. I met a fellow there who had worked in the oil and gas industry, had developed expertise in this health and safety area and had decided to create his own company in Nova Scotia, helping smaller companies to develop the health and safety systems that would allow them to get business with the oil and gas companies.

As you probably know, the oil and gas companies set very high safety standards and they don't want any of their suppliers working for them who don't have very strong employee health and safety programs in place.

This fellow was helping to set that up. I asked him how it was going and he said it's going very well, and he said, I hired this young guy the other day, he's an MBA, and there are two things that are really great about him; one is that he's smart, and the other is that when he can't think of the answer to a problem - he used to work at Volta so he's got this connection with lots of other smart people. It suddenly struck me that here I was doing stuff on energy outside of the kind of business area and I'm running into someone who is

demonstrating for me the value of that kind of cluster that is developing around Volta that we hope will develop around COVE once it is up and going.

I think that probably from your experience in the seafood industry you would also - there are certain things you would tell your colleagues in the fishing business and certain things you might not tell them, that there was a fair amount of co-operation even though there was competition. I think that's the kind of working together that we'd like to see in some of these areas.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: Thank you. I appreciate my colleague pointing out this page. I know in agriculture, when we talk about exports, we know that decreasing imports is just as effective and may be better than increasing exports. So decreasing the amount of imports into the province, certainly in food we try to do that.

I'm just wondering and I can think of two examples of imports recently and I just wonder if you will comment on them, given your role in aligning other departments. One example would be the decision of the Department of Health and Wellness to have a Vancouver company responsible for all its security. That's sort of bringing in an import when we would have decreased an import. That's an example of importing.

Another example would be something your department would be directly responsible for, and that is the Tourism Crown Corporation hiring a Toronto company to provide the advertising program for the province. I'm just wondering if those imports, how you view that in terms of your mandate to increase exports and presumably decrease imports, if that's sort of what your view is on that, and if it would be a goal to decrease imports, if you could say so.

MR. COOLICAN: I think you've raised a very interesting question. There is certainly a lot of evidence particularly in the food industry where buying local reduces imports. The people who are involved in that would tell you that price and quality is an important consideration.

I think for an economy that wants to be in the export business, competing on price and quality is extremely important. I'll give you an example from the energy sector because I'm more familiar with it. When the Nova Scotia offshore started to develop 25, 30, 35 years ago, and consideration was being given to how we get local benefits, decisions were made early on that preference would be given to Nova Scotia companies provided they were equal on price and quality. So if you bid and I bid and I was from away and you were from Nova Scotia, if we had the same price and quality, you would get the work.

Newfoundland developed a somewhat different strategy which more strongly favoured the Newfoundland companies, whether they were competitive or not. Their

offshore has developed in a different way than ours because of the discoveries that they've had and the oil developments.

Nova Scotia has gone through significant downturns in activity in the offshore and most of our companies would have completely disappeared if they hadn't learned how to compete on a global basis on price and quality because they had been challenged to compete when the oil and gas industry was active. When the oil and gas industry wasn't active here, they were able to go to other jurisdictions and compete because they knew how to compete on price and quality.

If you're a company that builds in a subsidy because you know the bidding is going to go to a local company regardless of price and quality, you can't expand to do business in other parts of the world. For an economy like Nova Scotia, that is a relatively small economy, we have to survive on export. To be able to survive on export, we need to be competitive in price and quality.

MR. LOHR: What I hear you saying in your answer is that in the case of hospital security - in the case of advertising - we couldn't in Nova Scotia compete on price and quality.

MR. COOLICAN: What I would say - I'm not familiar with the health example and I wasn't there during the decision made by Tourism, but from the information that I've been given, there was an open, competitive process, and the winners won on the basis of price and quality.

MR. CHAIRMAN: Mr. Belliveau, you have one minute.

MR. BELLIVEAU: Quickly, I'll turn to the snapshot on there and if you look at the second name on there - Seaside Wireless Communication. To me, there is a gap between Internet access - particularly in western Nova Scotia - and I see a company here that has aligned itself with a money grant or benefit. Apparently the western portion, the companies that exist there have not, and we're without wireless coverage. Can you explain that?

MR. COOLICAN: I'll start with the answer I gave a while ago - no. Let me tell you what the government is doing. The government has undertaken a study of the wireless situation particularly in the rural areas of the province. I expect you'll see the release of that report in the not-too-distant future, and there will be some ideas and recommendations coming out of that. You also may have heard about some of the debate happening at the CRTC.

But I must tell you you're talking to a guy who lives in Halifax and was complaining about his slow computer, and I was asking somebody, so what kind of coverage do I have? And they said well how old is your computer? I said eight years old and they said why don't you get some more memory and why don't you get a new computer? Get something.

Anyway, I spent 30 bucks on more memory and now I've got fast Internet. So I'm not really technically savvy but I think you'll see with this report coming out and a . . .

MR. BELLIVEAU: But my initial question was . . .

MR. CHAIRMAN: Sorry, Mr. Belliveau, we're out of time today. Mr. Coolican, would you like to offer some closing remarks?

MR. COOLICAN: Thank you, Mr. Chairman. I certainly appreciate the time that the committee has spent on this issue today, and I appreciate a lot of the questions, including some of the advice on issues like the coding in the schools and the temperature of the Bay of Fundy. I wasn't sure quite how that came up but, anyway, I can always count on my friend, Mr. Belliveau, to come back to lobster.

I think one of the things you've underlined for me is the challenge of coordinating and aligning departmental activity across the government. There is a lot going on and it's going to be a challenge for us to make sure that we're focusing on the right things as we try to align what other government departments are doing. I've got to be careful not to answer for the Department of Health and Wellness on their security contracts, but at the same time, I need to have some understanding of some of the broader principles that we're seeking to implement when it comes to economic development.

I'd like to thank Mike for spending the time here. I think that you've seen from his answers that he understands what's happening with the files that are left in the Jobs Fund and that they are being well administered. So thank you very much.

MR. CHAIRMAN: Thank you very much. We'll have a five-minute recess to clear the room so that we can do some committee business. We'll reconvene at about 2:55 p.m.

[2:48 p.m. The committee recessed.]

[2:52 p.m. The committee reconvened.]

MR. CHAIRMAN: Order, please. I call the meeting back to order. Since everybody is in the room we will begin. The next meeting date will have to be determined based on when the House is finished sitting. The next group that is in is the Annapolis Valley Chamber of Commerce and it's an agenda-setting. This is key for all people here in the room that the Liberals will present three topics, the Progressive Conservatives will present two topics, and the NDP will present one topic for the agenda-setting process.

With that, I think we'll call the meeting to an end.

[The committee adjourned at 2:53 p.m.]