

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

ECONOMIC DEVELOPMENT

Thursday, March 9, 2017

COMMITTEE ROOM

**Business Cape Breton & Cape Breton Regional Enterprise Network
Re: Barriers and Opportunities for Economic Development in Cape Breton**

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ECONOMIC DEVELOPMENT COMMITTEE

Mr. Joachim Stroink (Chairman)
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Mr. David Wilton
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Mr. John Lohr
Hon. Sterling Belliveau
Hon. Denise Peterson-Rafuse

[Mr. Chuck Porter was replaced by Ms. Pam Eyking]
[Hon. Pat Dunn was replaced by Hon. Alfie MacLeod]

In Attendance:

Ms. Judy Kavanagh
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Business Cape Breton

Ms. Eileen Lannon Oldford - Chief Executive Officer

Mr. Parker Rudderham - Board Chair

Mr. John Phalen - Economic Development Manager,
Cape Breton Regional Municipality

Cape Breton Regional Enterprise Network

Mr. Keith MacDonald - President and CEO, Cape Breton Partnership



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, MARCH 9, 2017

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

9:30 A.M.

CHAIRMAN
Mr. Joachim Stroink

MR. CHAIRMAN: Good morning everybody. I'd like to welcome everybody to the Economic Development Committee this morning. My name is Joachim Stroink, I'll be chairing this meeting.

This committee will be receiving a presentation from Business Cape Breton and the Cape Breton Regional Enterprise Network on the topic: Barriers and Opportunities for Economic Development in Cape Breton.

I ask members to turn off your phones to ensure that we don't get interrupted. The washrooms are just out here on the left if you need to use them.

What I will do is we will go around and make introductions. Then I will pass it over to the presenters to make introductions and then we'll start. Each side gets 20 minutes. We'll start with Keith here on the left to start the presentations, and we'll go from there.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Mr. MacDonald, we'll start with you. Before we start, just so that Hansard can keep up with what's going on, please wait for my introductions for you to speak or ask questions or answer those questions, just so we can keep track on Hansard. Thank you, Mr. MacDonald, over to you - 20 minutes.

MR. KEITH MACDONALD: Twenty? I gained five minutes, great.

Good morning everyone, thank you for the opportunity to present in front of the committee this morning. I'm going to give you a quick overview of the Cape Breton Partnership and what is happening with the Cape Breton Regional Enterprise Network and then, as requested, the number of challenges and opportunities for economic development in the region.

The Cape Breton Partnership is a private sector-led organization. We're Cape Breton's private sector-led economic development organization. We have members large and small from around the Island and Nova Scotia. Our focus is to increase prosperity through private sector leadership. Over the last number of years we have been focusing on leading economic leadership through the private sector under what we call the Prosperity Framework, which is a Cape Breton Island economic strategy, and I'll get into that a little bit more. We promote and support business through *Elevate* magazine - you all have a copy at your table there, as well as the presentation within - and, of course, we want to strive for organizational excellence.

The partnership is just over 10 years old. We've been very active on a number of fronts, which we'll get into. We're based on a private-public sector model, very similar to what the Halifax Partnership was built upon and other entities, such as the Greater Houston Partnership in the United States and many other private-public entities throughout North America. Basically, we bring together First Nations business, large and small; government; education; NGOs; youth; and others for a common platform around advancing the Cape Breton economy.

Just this past year we've been tasked with advancing the Cape Breton Regional Enterprise Network. Currently within that network we have Inverness County, Victoria County, as well as Richmond County, teaming up with Municipal Affairs as the partners at the table with the Cape Breton Regional Enterprise Network. The other regional enterprise networks in Nova Scotia are currently the Valley REN, the South Shore REN, the Western REN, and the Eastern Strait REN. We're all working in collaboration.

Just last week we had a CEO round table with all the CEOs for the various RENs. We're really focused on business retention and expansion through the BusinessNow program, which interconnects and meets with businesses on an ongoing basis to collect their information around challenges and opportunities. We work on investment-readiness activities and make sure that we provide economic data for each one of those regions. We've been working very well with Municipal Affairs, very closely with the minister and deputy minister, and Mark Peck and his team. It's progressing very well, and hopefully we'll have an opportunity, as the REN network advances, to maybe come back to this table and give you further updates on those activities.

In the One Nova Scotia report, the partnership was mentioned as an exemplary initiative. It details a number of our activities - actually, the Nova Scotia Playbook as well connects with a number of the activities - and lists the partnership as an example of some programs that should be replicated throughout the province. I'll get into some of those in a little bit. That was a nice little call-out for the partnership through Ivany's report.

One thing the partnership is closely monitoring is our business numbers per capita. This slide shows the number of businesses per 10,000 people within each county of Nova Scotia. MLA Eyking will be pleased to note that her home territory there, Victoria County, leads the way with over 1,200 businesses per 10,000 people. It's a very entrepreneurial jurisdiction with a lot of small businesses in tourism and the ocean sector, around fisheries and aquaculture. We have a number of municipalities listed there. The CBRM is listed at 381 businesses per 10,000. Combining that with all county jurisdictions in Cape Breton, we're still below the average.

One of our focuses is, through our efforts, to ensure that we're working with businesses to create new business, grow existing business, and lay the groundwork to attract new business in this part of Nova Scotia. We do that through a number of activities that we'll get into.

You asked about economic development challenges. One of the things we've experienced in the past is knowing and having first-hand information around our assets. In the past, we've been asked by Nova Scotia Business Inc. and sometimes we get cold calls from companies that are looking to invest in our jurisdiction. They're looking for warehouse space. They're looking for X acres of land. They're looking for an office to lease or purchase. Bringing that information together in a very quick and responsive manner that has a comprehensive response has been difficult in the past.

What we've developed is a solution that we're calling the land asset database as well as a business directory. The land asset database itself basically lists all the private or public through municipal, federal, and provincial land assets and buildings that are available for development; on top of that, all the necessary assets required for companies to make their decisions, so proximity to rail, road, ports, and schools is all integrated within this online system. It has just been launched. It's live. We're doing a public launch in a few months. We're just testing it out a few more times. We've already been utilizing it on some investment inquiries very effectively. As well, the other regional enterprise networks are looking to replicate this tool in the near future.

On top of that, we're building a business directory that hopes to list as many of the 6,000-plus businesses within our jurisdiction. We need to do this in order for interconnection with new businesses that come up and around suppliers as well as to assist our government partners around potential procurement. We're looking forward to launching those tools in the near future. Those are some of the solutions we're advancing on that challenge.

Training - I'm sure you've all heard from your constituents about the need for experienced labour and labour force gaps. Here at the partnership we've teamed up with the Nova Scotia Department of Labour and Advanced Education to deliver some productivity programs through WIPSI. This past year we've had 18 companies participate in those programs. That's all about increasing their management capabilities as well as being able to look at new production processes through Lean so that they can be more effective and increase their revenue.

On top of that, we're working with Employment Nova Scotia to deliver a number of work transition programs. Just this past year we had over 200 people participate in programs targeted at youth, as well as seniors to get them back into the workforce. The results of those are often very positive with new employment opportunities gained by the participants.

Another challenge is our youth workforce. As we know in Nova Scotia, young graduates are sometimes leaving the province to work elsewhere. One of the solutions we're just launching in Cape Breton is the Connector Program. This is modelled after the Halifax Partnership's Connector Program. We'll be kicking this off in the next week or two.

The Connector Program is all about connecting recent graduates and international students to a group of mentors and putting on a number of programs so that they can connect to the workforce and realize what employment opportunities there are here in Nova Scotia. Youth or young graduates sometimes have the attitude that there may not be opportunities here at home and may not even do the diligent work to search for those, so this program really opens doors, gets them connected to the labour market, and hopefully retains them here in the province.

Attitude - one of the difficulties in advancing the economy is sometimes pessimistic or negative attitudes. So what we've been doing at the partnership is trying to advance the good news stories that are happening in business and promoting to the community how business has a positive effect.

Our solution to that was actually launching *Elevate* magazine. It's basically replicating the efforts of the Halifax Chamber of Commerce. I'm sure everyone has seen in their foyers or lobbies the *Business Voice* magazine. We actually approached the Halifax Chamber of Commerce at the time to basically do a brand extension of their magazine, but they weren't up for it so we created our own brand and launched the *Elevate* magazine. It comes out quarterly - 5,000 print copies and we're just putting together an online platform so we can reach a broader audience. Hopefully you like it. There are some good stories in the copy that you have.

Sector growth - for the past number of years we have really been bringing our key industry sectors together to collaborate and identify opportunities and threats. Over the last number of years we've put together a number of industry sector teams, including seafood

and aquaculture, social enterprise, digital entrepreneurship, and of course environmental engineering which is building off of our experience that we've gained in the Cape Breton region around the major remediation projects such as the tar ponds and the Devco sites.

We've been able to leverage new investment and our companies have been able to do a number of projects in international fields in that sector. We're going to continue to bring these groups together, make sure we're leveraging new investment and gaining additional opportunities.

Collaboration - sometimes in various jurisdictions there is a siloed approach to economic development. Not everyone may be on the same game plan so that's why we launched, a number of years ago, the first-ever Cape Breton Island economic strategy that's entitled the Prosperity Framework. Basically, it lists the priority sectors that we are here to advance in a way that we can all collaborate and move those sectors forward.

So over the past four years we've been implementing and moving this project forward. It has been adopted by the Province of Nova Scotia, the federal government, all the Cape Breton Island municipalities, as well as First Nations and the private sector through the chambers of commerce - all signed up when we launched the Prosperity Framework.

Right now, we're currently doing a little refresh after the first four years, then we're going to be updating our partners on that after March.

Lack of new start-up supports - there are numerous - really in Sydney and other parts of Cape Breton. As you know, Halifax and other parts of the province really experienced an uptick in new digitally-based ICT start-ups. Right now, we have been working with these companies through programs we've replicated from MIT and the program is called Mentor Connect. Basically, you team up three mentors with an early-stage start-up to assist them on an ongoing basis, through monthly meetings, providing them feedback and advice on how to advance their company so that hopefully they'll have better success on growing and employing and have a bigger impact on the economy here.

The Nova Scotia procurement policy - since the changes were made a number of years ago some of our small businesses are having a difficult time through the centralized process, to gain additional service and work through the Province of Nova Scotia, so we've been talking to the Nova Scotia Government to possibly look at a more regional approach to procurement that is focused on some cost savings, which are extremely important but as well, put into the process more of a look at the economic impact of procurement decisions on our local economy here in Nova Scotia.

Quickly, I have only a few more minutes, economic opportunities - seafood and aquaculture has significantly grown throughout Nova Scotia and Cape Breton. Certainly, as an export we've entered new markets. Our companies have entered new markets, as well as growing existing markets. We've just finished up an economic impact analysis in 2014

of what the industry met through direct induced impacts and the estimation is over \$200 million. We suspect that has increased over the past number of years, due to the demand in China.

The demand will continue once the European Free Trade Agreement advances further. We're looking at ensuring that we connect our businesses and gain more information around the European Free Trade Agreement once it is released, so that's on the docket for the first quarter of the next fiscal, to have a session with our seafood and aquaculture team on how the European Free Trade Agreement will open up significant new opportunities for them as well.

The oceans sector - we have a growing industry sector. I was just at a session yesterday at the Nautical Institute at the Strait Campus of NSCC, with their graduates. They have a competition every year where the winner receives \$4,800. They are tested on a number of skill sets within the marine industry. All the industry partners attend so Cape Breton is well positioned, through the Nautical Institute and a number of other partners, on connecting with COVE here in the Dartmouth area. We've had a number of meetings with them. They are leading the way around innovation within the sector and we want to make sure we're tied into that as they advance, so we're really focused on increasing our interconnection with the COVE group.

The digital sector - as I already mentioned, we've launched the Mentor Connect program and we're working with a number of early-stage start-ups. The digital sector still has lots of opportunity for growth and, as MLAs from the Cape Breton region realize, we have tried to advance a project - not ourselves, the partnership. As a partner in economic development we are trying to support what we're deeming a hub or innovation centre for the Cape Breton region that is really focused on providing a number of tangible resources for the digital sector as it advances.

Tourism - I'm sure some of you have met Mary Tulle, the CEO of Destination Cape Breton. They've done an excellent job. Last year's tourism season was simply outstanding in terms of Cape Breton's growth, certainly double-digit growth around the Island. That was led on by a number of factors, including the dollar, a new promotion, new targeted endeavours through Destination Cape Breton. We've really experienced a real growth in that area and we deem that to continue, so we want to make sure that we are providing the training, as I mentioned, and leveraging new investment for the sector so we can meet the needs of our visitors when they come to Cape Breton.

Social enterprise - extremely important. The province is launching or has just launched the Social Enterprise Strategy. We're connecting our group and making sure we're implementing and advancing the plan in our jurisdiction of the province.

That's an overview of what's happening. There's lots more happening but I just wanted to give you a quick update with the time limit and make sure that I don't get my microphone shut off by the Chair. (Laughter) I'm open for any questions people may have, whenever the appropriate time is. I really appreciate your attention and I look forward to discussing the information with you further.

MR. CHAIRMAN: Thank you very much, Mr. MacDonald. Now I'll turn it over to Ms. Oldford.

MS. EILEEN LANNON OLDFORD: Good morning and thank you for the invitation to appear today. With me are my colleagues: on my left, the chairman of our board, Mr. Parker Rudderham, who will be speaking a little later on as well; and to his left is John Phalen, the economic development manager of the Cape Breton Regional Municipality.

This morning, I would like to give you an overview of Business Cape Breton as the economic development delivery agency for the CBRM. I'll speak to what we do for the CBRM, our accountability process, our community involvement and, as well, promotion of the CBRM, and hopefully identify some opportunities that will be most interesting to the representatives here today.

Business Cape Breton provides the CBRM with activities to assist in guiding and navigating economic development while providing support to businesses, operating as connectors among economic development partners, assist business growth and retention, and support regional leadership on economic priority components.

Business Cape Breton works diligently to align its efforts with provincial and federal governments to support the endorsed strategic direction of the CBRM in creating prosperous growth for Cape Breton.

In our accountability process, the corporate knowledge and experience of the volunteer board of directors, management, and staff of BCB culminates in a widely-held reputation for designing and implementing successful, hands-on economic development projects which are delivered on time and on budget with measurable results.

Transparency, public reporting, and accountability are demonstrated by BCB's full internal and external annual financial audits, board governance training, use of the logic model designed and used by the Treasury Board of Canada, and ongoing staff training and development. Media outreach is used to promote economic development, small business start-ups, job creation, port-related activities, and all manner of positive publicity involving the CBRM.

Under community involvement, Business Cape Breton is directly involved in many projects in the Cape Breton Regional Municipality in support of the municipality's drive for economic growth.

The revitalization program for the areas of Glace Bay, Dominion, and Reserve Mines, recently funded by the province and the CBRM, will be under the direction of Business Cape Breton. Working with the two levels of government, citizens, and businesses in the target area, BCB will play a pivotal role in identifying opportunities and a go-forward plan to grow and strengthen the economy of this vital part of the municipality.

Over the past few years BCB - with the assistance and involvement of CBRM management and staff - has organized and hosted presentations for the business community on topics including municipal permits, building permits, and planning and procurement policy, which is always an interesting engagement of conversation.

As a partner in the development and growth of the Port of Sydney, BCB led the successful application process to have the CBRM identified as a foreign trade zone, enabling local businesses to benefit from the Duty Deferral Program, the Export Distribution Centre Program, and the Exporters of Processing Services Program.

Business Cape Breton facilitated the successful infrastructure programs at Indian Beach and Munro Park in North Sydney, which will result in work for local construction companies and in upgrades to areas of recreation and community activities, to be enjoyed by young and old in waterfront settings. Currently, Business Cape Breton is assisting in the development of a plan for the Atlantic Memorial Park in Sydney Mines which would establish a tourist destination at the mouth of Sydney Harbour to honour Canada's military and the role of the harbour during the Battle of the Atlantic.

The CBRM is the second-largest populated area in Nova Scotia and is considered an economic driver for much of Cape Breton Island. The municipality is developing a CBRM charter for presentation to the province in recognition of its need to determine and design programs and policies to spur growth and allow the elected leadership to make decisions specifically tailored to the needs of the local area.

Many opportunities have been identified for the CBRM area in partnering with the provincial government, as well as the other municipalities in Nova Scotia. One such potential project would involve the establishment of a portion of the Nova Scotia Community College Marconi site operations to Sydney waterfront to partner with the provincial and federally funded Ocean Innovation Centre for ocean-based technology research and development. The Canadian Coast Guard College, also located on the shores of Sydney Harbour and a partner with CBU in the education of cadets, could be a source of increased education and training for future seafaring careers.

I'd like to mention some business opportunities to you this morning as well. Business Cape Breton works diligently to identify opportunities in CBRM where small businesses can start up and businesses can expand.

With the reality of an aging population in CBRM, there is also the realization of opportunities associated with this demographic. The nursing program at CBU; Nova Scotia Community College's Marconi campus, LPN and continuing care assistant programs; and the designation of the Cape Breton Regional Hospital as a teaching site for the Faculty of Medicine at Dalhousie University may provide an ideal incubation site for geriatric research and development of best practices in the care of seniors.

As well, businesses of need or interest to seniors and newly retired individuals have significant growth potential. Active retirees in the local area and those visiting as tourists and cruise ship passengers are interested in cultural and outdoor activities which can result in new business opportunities for enterprising individuals. For seniors requiring assistance in everything from home maintenance and lawn care to personal and health care, we have already worked with local individuals who went from employees to employers by starting businesses, and providing services required by seniors as well as the general public. Some opened a new business, some expanded an existing business, and others purchased the businesses where they worked with the assistance of Business Cape Breton.

Business Cape Breton has established contacts in all areas of CBRM and we assist in projects that will benefit the economy of those areas. Currently, we are facilitating and supporting the Atlantic Memorial Park project in Sydney Mines. The project has a phased-in approach which involves a monument of historical interest, a recreation area, and a community site which will attract people to the area with spinoff hospitality businesses likely required.

On Monday, February 27th, coal was brought to the surface of the Donkin mine site. With production now under way, Business Cape Breton plans to hold an entrepreneur information session in the Donkin area to explore the gaps in service in the community, which may be filled by start-up businesses.

A workshop for agricultural producers identifying non-traditional and innovative crops, which are in demand, is another planned activity. Growing hemp for use as a health supplement has proven to be a viable product recently introduced to CBRM and could create a new industry sector.

With many CBRM residents back to work in western Canada, yet wishing to find a way to stay and work at home, BCB would like to fund a study on the comparative costs of starting a business in CBRM versus working in the west.

With the success of earlier workshops identified in your presentation package, we will be holding additional CBRM information sessions on topics of interest to the business community. Having CBRM elected officials and municipal staff present information and

take questions proved to be of great assistance, cleared up a lot of issues, and had the process move very quickly for participants with networking as an added benefit.

Another exciting program that we're going to be starting is our Vanguard Protégé Entrepreneurship Program. It's being designed to assist new entrepreneurs navigate the world of business. The Vanguards are for members of the Business Cape Breton board of directors who have established successful businesses and have a demonstrated track record of success. They'll share the knowledge that they have acquired to help new business owners reach their potential.

BCB would like to expand the revitalization program that it's undertaking now to communities throughout CBRM, such as New Waterford and Whitney Pier. The current revitalization project funded by the province and under the direction of BCB in the communities of Glace Bay, Reserve Mines, and Dominion will be a template for future programs.

Forecasts for the economy of Nova Scotia indicate that growth is expected to occur in sectors that are of interest to CBRM: seafood exports; construction, the second berth at the Port of Sydney being an example; innovative agriculture such as hemp and aquaculture products such as seaweed; tourism - as my colleague Keith mentioned, Cape Breton had a record high 16 per cent increase in tourism in 2016, so it's nice to see those double-digit figures; the Donkin Mine production; and ship repair in North Sydney and Sydney. Business Cape Breton has and will continue to assist business development directly involved in these sectors and also those businesses which will start up to service these growing sectors in CBRM.

BCB will be conducting an analysis of the business-growth sectors specific to the CBRM to ensure that a cohesive and comprehensive go-forward plan is developed and to share that information with others so we have accurate information.

In closing, I wish to draw your attention to the Municipal Business Report synopsis of Business Cape Breton initiatives and client comments found in your presentation package, just a very quick review. Involved with our business start-ups and expansions, from the period of April 1, 2013, to December 31, 2016, we were dealing with 128 businesses. Of those, 87 are start-ups, 67 of those in CBRM; and 41 are expansions, 29 in CBRM, with 21 completed. The other regions are the other counties we had worked with. Also, the projected payroll, protected job potential, and projected value investment demonstrated are in their business cases that are presented.

As well, just a quick note and I will close out: our client activity engaged in business planning was 335 individuals; business skills training, 1,208; and entrepreneurial awareness, 1,462. We're currently in the process of having five new exciting businesses in the development stage within the next two months. You'll see some comments there from some of the participants in our program.

What I would like to do now is turn it over to John Phalen, our economic development manager of CBRM.

MR. CHAIRMAN: Mr. Phalen.

MR. JOHN PHALEN: The Cape Breton Regional Municipality is excited about our current opportunities. We're looking forward to continued development on a number of initiatives.

CBRM, along with our provincial and federal partners, recently announced the start of the construction of a second cruise berth for our port. This project will provide immediate economic benefit for the community. The addition of a second berth allows the port to actively market new opportunities and provide berthing space for an ever-increasing industry. They had to turn away almost 20 cruise ships last year. Cruise ships don't want to tender; they want to berth. Also, the new berth will provide better space for the larger vessels as they're coming in.

Across the harbour, we continue to develop a world-class container port and logistic park. The recent announcement of Ports America as operator of the facility is one step closer to our goal of this generation-changing project. Not counting the years of construction jobs, the ongoing operation of the port and the park will provide significant contributions to the provincial economy - almost 5,000 person-years per annum, representing \$270 million in direct wages, and a direct economic input estimated at \$790 million. The CBRM will continue to work with the province on this project and await the benefit to Cape Breton and all of Nova Scotia.

We're going to talk about some barriers. A barrier to economic development right now in our municipality is the inability to provide incentives to business in the form of tax concessions for commercial and industrial tax rates. There are also elements of the current Municipal Government Act that make it difficult to offer long-term leases on municipally-owned property. The CBRM is actively looking to the province to provide assistance in charter changes that will help us provide incentives to business and grow our opportunities. Right now, the CBRM has abundant property and land that we can offer to businesses, but we can't sell it to them for less than the assessed value. A change in our charter will allow us to do this. In addition, larger projects require a long-term in order to pay for them. For example, at the container port, we would like to be able to offer a lease longer than 20 years, which we cannot do right now.

We appreciate the leadership that has been shown on this issue and continue to work with officials to get this goal. If I walk out of here today with one message, it's this very important aspect right now that we need for economic development in Cape Breton.

Large projects aside, we realize the importance of attracting small business and growing our current entrepreneurs. The CBRM, with Business Cape Breton as our lead economic development authority, realizes this is important work. BCB and its predecessors have been working with the CBRM since its inception to develop business and assist in growing our economy. Partnership funding from the province has created many success stories. As the province reshapes its funding mechanisms in economic development, we require the commitment that economic development will be a main focus of the government for the benefit of all Nova Scotians.

As Nova Scotia's second-largest municipality, we need the province to focus on economic development of the CBRM as a priority, as it does in the HRM. Innovation through increased work with Cape Breton University and NSCC, particularly in ocean research, the CBRM through Business Cape Breton wants to focus on innovation investment dollars and include the private sector in initiatives to grow our economy. Business Cape Breton currently has a very aggressive and co-operative board of directors. Successful business leaders throughout the community want to work together in partnership with federal and provincial dollars to leverage money to get more innovation projects going.

We also have a vibrant student body that exists particularly in the international community to grow ideas and keep our youth in our community. All initiatives should be fairly evaluated, and weight should be given to the CBRM, given its position as Nova Scotia's second urban centre.

Last week Donkin Mine went into production. This is a very big incentive to economic development in our area, and its effects are being felt in communities now in all of eastern Nova Scotia. The CBRM fully supports this development and is currently working with the Department of Transportation and Infrastructure Renewal on plans for a coal route that will allow trucks to get coal to the port without having to go through urban communities - a very important thing to do.

Finally, as I sit here today, I just want to ask for a better coordinated effort and a look at economic development in Cape Breton and beyond.

MR. CHAIRMAN: We will turn it over to questions now - oh, Mr. Rudderham, I didn't realize you wanted to speak. You've got about five minutes.

MR. PARKER RUDDERHAM: Thanks. I wish you had said two. I just want to point out some actual success stories that we've had in the area. When I call them success stories, you'll all be happy to know there is not one cent of government money in any of these success stories.

The first one is Highland Hemp. Highland Hemp just signed a \$14 million deal with Brazil. We're hoping to be in Cape Breton what potatoes are to P.E.I. I notice that MLA Eyking's family was in touch with us, wanting to grow some of that hemp, so we appreciate that. That's a winner. There's not a cent of government money in there. I thank Minister MacLellan. I met with him and the Agriculture Department last week. We're going to be putting on some information sessions for the farmers throughout Cape Breton to give them the information on what they can do. It's a successful operation. There's more money to be made growing hemp than there is growing potatoes, so think about that.

The next one I want to talk about is Sea Pur. That's another company that we're involved with. That's a First Nations initiative. What we're doing is, we have permits to take storm-tossed seaweed off the beaches around Nova Scotia, and we're going to make various things out of that. We have a \$2 million purchase order from a company in P.E.I. to purchase all the storm-tossed seaweed we can provide them. Going forward, we want that to become a little bit more value-added, and we'll be separating the peat moss from that mix for its medicinal value and pharmaceutical value. But right now, to get going and to build up some capital, we're going to supply this company in P.E.I.

So those are two positive done deals, and they're successful already. Highland Hemp is less than a year old, and Sea Pur is probably five months old. They're both generating millions of dollars in revenue.

The other one we'll talk about - and I think Keith mentioned it - is the tar ponds. We purchased the tar ponds building at the appraised value, and we've spent about \$1.5 million on that building. Again, none of that was any government money.

I'm probably going to get questions about jobs for these various initiatives. To be very honest and frank, as these things are in development, it's hard to put a job figure on it. I would rather under promise and over deliver than give some pie-in-the-sky estimates at this point.

I just wanted to get those on the table because those are real. It's not conjecture. They're happening, and they're contributing to the economy.

MR. CHAIRMAN: I'll turn it over for questions now, if you guys are ready. Mr. Mombourquette, I'll start with you, and then we'll head over to Alfie and then to Denise. Just to be clear, you'll get a question, and you can have a follow-up question. I ask to just try to keep this flowing so that we can ask many questions. Thank you.

Mr. Mombourquette.

MR. DEREK MOMBOURQUETTE: Thank you all for coming today. It's nice to see you here in front of the committee, and it's great to see some representation from Cape Breton here. I appreciate all the information you all provide, and I appreciate the work that you all do to help move our community forward.

There are a number of investments since I've been an MLA that the government has made to support various initiatives and various economic development initiatives across Cape Breton. You mentioned them in your presentation: the second berth, investments to help support the growth of Membertou, investments to help grow entrepreneurship in the tech sector, the Donkin Mine reopening, and promotion and support for fisheries. The list goes on and on.

The primary function of government, I believe, outside of these investments, is to create that climate or help support that climate where private investment can flourish. You mentioned the charter as one of those examples of helping the CBRM grow and be able to make more decisions on a local level.

I'm just curious about your opinion on how we continue to strengthen that relationship. I believe it's a strong relationship now. There is a strong commitment to the community to help keep people home and support entrepreneurship and grow various industries. How do we continue to strengthen that partnership with government? I open the floor to whoever wants to answer that question.

MR. PHALEN: We believe that working with private industry right now is a big plus. If we can come with private investment dollars to government, I think that's a big plus to move projects ahead. In relation to the charter, that's paramount right now because we have a number of businesses that want to relocate or maybe want to set up. We could offer all kinds of land and opportunities for these people to start, but we can't because right now we have to sell it for assessed value or offer short-term leases. That's a big one - and continued interest in our infrastructure as it moves forward, particularly the support that we're getting with the rail. It's going to be paramount for the container port to keep that important thing going. More or less, that's where we're at with those initiatives.

MR. MOMBOURQUETTE: Does anybody else want to add to that?

MS. LANNON OLDFORD: I think it's extremely important that we have an opportunity to dialogue with the province. If there could be a point person from the province on the file that the representation could work through, that would expedite and be more efficient in getting things done in the region. I know the province is going through some growing pains with various departments and restructuring and whatever, but it's extremely important because business does not stop. It keeps moving and moving. That would be a great asset to us in our region.

MR. MACDONALD: Just a quick response would be to replicate what we've done with COVE and other provincial partners that have developed provincial initiatives in ensuring that there is a regionalized approach and interconnection with partners throughout the province. So on our part we've been making sure that when new endeavours, such as COVE and others are announced, that we are quickly there at the table trying to find collaboration on opportunities.

There's numerous provincial departments and special agencies that we're going to continue to try to build stronger relationships so that we ensure they have an understanding of what is happening in our part of the province and identify some new opportunities. I'd give an example of ISANS. ISANS used to have an office in Cape Breton, now they don't, and we want to make sure that we continue to provide our immigrants with settlement services as we want to reconnect with government on that and find solutions. I think if we just ensure that the leadership of these various provincial entities are working towards a regionalized approach to advancing their mandate, that would be extremely helpful. Thanks.

MR. CHAIRMAN: Mr. Mombourquette, a follow-up?

MR. MOMBOURQUETTE: Just one follow-up, specific to one of the sectors. We have a lot of great opportunities ahead. Parker, you mentioned a few of the initiatives. We're talking about the port; we have the second berth. We're looking at growing tourism substantially in the next number of years, that's a commitment of the government as well. Those investments will allow us to do that.

We've seen places like the Whitney Pier Historical Society be one of the most visited areas, you see the Fortress of Louisbourg, all of these initiatives of support, but near and dear to my heart is the tech sector. As many of you know, before I was in this job I was heavily involved with entrepreneurship with the university and community college. Entrevestor, if anybody is familiar with it, has identified Sydney as one of the fastest-growing tech areas in Atlantic Canada.

I'm just curious as to your thoughts and any kind of supports that - there's a number of supports that government has already been involved with through CBU with the Sandbox and NSCC and a number of other initiatives through Innovacorp in supporting these early-stage start-ups, is there anything else we can do to support those industries and those entrepreneurs in the community that we are not doing right now?

MR. MACDONALD: If it's okay, I'll go first since the microphone is on. Certainly, the Province of Nova Scotia is already extremely helpful with their work on the Sandboxes throughout Nova Scotia. We really hope that continues in the next budget. They're certainly interconnected with young entrepreneurs, not only at CBU and NSCC but external from their hackathons and other activities.

Certainly, one of the things and I mentioned it and alluded to it in the presentation, is the need for that innovation-type hub or a centre where we're bringing all these various partners together so we can continue in the collaboration and ensure we're supporting this industry. We really know that it can grow. One of the only challenges we're experiencing is that support for the early-stage start-ups and some training requirements. We need more people learning code in junior high and all the way through, so we can meet the needs of all these new start-ups.

I really think if we enact what is actually outlined in the Provincial Innovation Strategy there's actually - a page and a half, I think, or almost - a number of paragraphs at least, dedicated in that strategy that identifies that there's a great opportunity for an innovation-based hub for an innovation ICT sector in Sydney and then branching out to the rest of the Island through a number of other nodes. So if that's something you can move forward as a committee and highlight, that would be very much appreciated.

MR. CHAIRMAN: Is there anybody else on that?

MS. LANNON OLDFORD: Just ditto.

MR. CHAIRMAN: Thank you, Ms. Oldford. Mr. MacLeod.

HON. ALFIE MACLEOD: Thank you for the presentations. It's always good to have somebody here in Halifax helping to explain our Cape Breton story. Parker, I guess I'm going to ask you for starters, what is the biggest barrier in the CBRM that the province could help us with to advance change?

MR. RUDDERHAM: A good question, sir. I sense in the last couple of years a real re-investment in looking at business and seeing how small businesses can help Cape Breton in particular in the province. Any time I've gone to anybody in the province for any particular problem we may have been having, they have been all over it and just in the last couple of years, in particular, and that's basically when I moved back to Cape Breton. I can't speak much beyond that.

There has been a tremendous amount of co-operation with everybody that I've gone to see. I think the willingness is there. People have to go with specific issues, but my own experience has been nothing less than excellent.

There's a lack of capital in our area, and we all know that. It's to find areas where there is capital, but I don't know how much the province can do about that. If you're asking me one specific thing, I would just say it's a lack of capital. I'm not sure that government should be providing capital to businesses anyway, but that's my own personal belief.

MR. CHAIRMAN: Mr. MacLeod, do you have a follow-up?

MR. MACLEOD: Yes, I'll switch up a little bit because one of our biggest challenges on the Island, as we know, is the aging population. It's not only the Island; it's right across our province, unfortunately. I know, Eileen, that you guys have been tackling that in the business opportunity section of your program. I would just like to know - you've identified two bullets in the business opportunity section to assist seniors, and I would like you to expand on those if you could.

MS. LANNON OLDFORD: Certainly. I'll try to give you some clarification. I believe that our goal and focus is to turn silver into gold - that silver generation into gold. If that's the target market, there's a lot of young, hopeful entrepreneurs in our region who have identified various services and opportunities among that age group to support the senior component in our region. They can deliver quite a number of services or projects. So we're doing really hands-on opportunity identification with hopeful entrepreneurs to service that particular area.

Look at the profile of the start-ups of some of our businesses and expansions. I'll give you an example: you'll meet an employee with about 15 years experience in the hearing sector. She assessed an opportunity where she could do a mobile process for seniors in the region. She has created a business, has developed that process, and has a very good market in the area. So it's really looking into what the needs are in that particular sector.

We have young entrepreneurs. The profile has changed in our region in the last 10 years, I would say. Most of the clients we dealt with prior to that would have been over the age of 45, the majority, seeking out business opportunity. We are getting people now under the age of 30 coming in with business ideas to explore as new start-ups.

What we find with a lot of the entrepreneurs is that they understand their product. They'll need training in particular sectors, whether that's finance, management, marketing, or whatever. It's to expedite the connections. There are wonderful programs that the province offers.

I'll give you a specific example, and I have the permission to mention this individual company. Miller Rentals in Cape Breton was going to be retiring from the business. Some of the employees came forward wanting to put a business plan together. They didn't quite know how to do that and put all the aspects together. We worked with them. Three of them became partners in that process. Then they needed to go to the bank to get the capital and funding that they need, financing. They didn't quite know how to do the pitch. That's not what they do. They do equipment rentals, and they do that kind of process. So we did some training with them. They were successful in gaining that.

Now one of the major employees has bought out the other two partners and moved. It's invested with a building on one of our main thoroughfares in Cape Breton. He told me the other day that he had the most beautiful spot in the area with the new building and asked if I agreed. I said it looked beautiful among all the other beautiful buildings that are there. It's that kind of movement that a lot of these entrepreneurs need, and guidance. They know how to deliver the product.

For our seniors, they're coming up with very unique ideas. We just finished having a conversation with a lady from Windsor who is retiring back to Cape Breton. She has a business in Windsor and will be relocating that business. We're helping her through that process. She bought a home, so she's going to be paying taxes. She has another mobile

service for seniors in the area. So there's great opportunity in that particular sector of turning it into gold - from our perspective.

MR. MACLEOD: It's good to hear.

MS. LANNON OLDFORD: We'll be taking care of you in the future.

MR. MACLEOD: We're heading in that direction. (Laughter)

MR. CHAIRMAN: Ms. Peterson-Rafuse.

HON. DENISE PETERSON-RAFUSE: Thank you for your presentation. I want to say that coming from Chester-St. Margaret's, it's a very beautiful area that I have the privilege of representing, but boy, is Cape Breton ever a beautiful spot with wonderful people . . .

AN HON. MEMBER: You could move there.

MS. PETERSON-RAFUSE: I may do that someday. It's beautiful, and the people, as we know, they're wonderful. I just wanted to put that on the record because I think that it's important for us to look at Nova Scotia as one whole province with everybody working together because if it succeeds in Cape Breton, the domino effect comes to Chester-St. Margaret's and other areas.

I just wanted to ask - one of the things that I have noticed in my constituency is the cutting of the Department of Economic and Rural Development and Tourism has had an impact. Rural Nova Scotia is taking a hard hit in many areas, and I don't have to go into all the details. You would know the challenges. Have you seen any effects in Cape Breton with the loss of that particular department and the support that it offered? Anyone can answer that question.

MR. MACDONALD: Sure, in areas that ERDT serviced outside of Halifax - in Cape Breton particularly I think there were five staffed individuals.

I guess the most impact was just the early days when businesses weren't fully understanding the changes and how some of the programming went to NSBI, some of the programming went to the Department of Business, and some went to Communities, Culture and Heritage. So at the outset, as change happens, people have to gain understanding of where all of those new initiatives have been put in place. That's early days.

We've made sure that we worked with Nova Scotians. We had a number of information sessions around the Island so that businesses and people interested in starting businesses are more familiar with all of those changes. I think that helped people understand the START program and the Graduate to Opportunity program and all these new platforms that the province has advanced.

NSBI has hired an individual from the Port Hawkesbury office. Howard Lake is working in the Sydney office as well. We're trying to work with them to ensure that their team is fully aware of what's happening in our jurisdiction of the province on an ongoing basis. It certainly changed the landscape, and we've been dealing with that.

We're going to continue to make sure we reach out to small businesses on an ongoing basis and have as many interconnections with businesses and service providers, not only through the province, so that there's a better understanding of all the resources out there to help them. To that end, right now, we're looking at hosting a session where we invite all the various business-facing entities and players - mostly provincial departments - up to Cape Breton so we can all interconnect and make sure we all realize who's on first and who's on second, so we can do better delivery on resources.

People in your constituency will hopefully replicate that so they can reach out and spread the word so that businesses and citizens don't feel that they're left out.

MR. CHAIRMAN: Mr. Phalen, do you want to add to that?

MR. PHALEN: I can comment that before I joined the CBRM, I was actively involved with the Department of Economic and Rural Development and Tourism and other initiatives within the private sector. Since then, I've noticed now dealing with that particular issue, it's a little tougher.

I think the commitment of government is there for economic development, but it's kind of sporadic in different departments. I think a more cohesive type of offering might be better for business. The commitment is there. Obviously, the commitment is there. It's that they may have a business that's trying to develop a brewery or something, and they are dealing with agriculture or they're dealing with whatever but there's no cohesive group. In Cape Breton in particular, there's nobody in Sydney right now to take the file and work with it, as Eileen mentioned. I think that would be a real plus as a go-forward.

MS. PETERSON-RAFUSE: So it's that connect, that's what I'm hearing from you is to be able to have that ability to contact somebody fairly quickly and to get the supports that you need for that project that maybe you are working on or supporting a business - the commitment is there.

MR. PHALEN: The commitment from government is there, it's the delivery that has to be done.

MS. PETERSON-RAFUSE: Okay, thank you very much.

MR. CHAIRMAN: Mr. Wilton.

MR. DAVID WILTON: Thanks for your presentation. The biggest problem I see in Cape Breton, being a small business - and, Parker, I'm sure you can relate to this - is the property tax structure that is there now. I'd like to know what your comments are on that, Parker and John and Keith, if you don't mind commenting on that. How can we, as a government, get involved in restructuring that and helping the municipality move forward? I think a lot of times small business would either like to expand or even new business coming into Cape Breton, there's a wall there and I don't know how that affects - and, Parker, maybe you can talk to this part of it - a bigger business, opposed to even the smaller ones, how that is affecting our economy from growing.

MR. RUDDERHAM: To that point, for instance we mentioned this building we bought at the tar ponds, I mean, we're not even operational and that building is costing us \$100,000 a year in taxes.

By comparison, we own storefronts in Montreal on Saint Catherine Street and we own storefronts on Charlotte Street in Sydney, it's the same tax rate. The only difference is that you have 700 people walking down Charlotte Street and you have 750,000 walking down St. Catherine Street, so it's pretty hard to compete under those things.

I think where it needs to go is with the CBRM getting a charter and then the CBRM is able to set their own tax rate and they're not handcuffed. I think that's the answer. If you are looking for one answer, I think that's the one answer. There's a lot of other variables involved but to stick to one, that would be it, the charter.

MR. PHALEN: To echo, that is exactly what we're trying to do right now. We've got a number of businesses that we're trying to grow. Cape Breton has the highest commercial tax rate in the province. I'm putting myself out of a job here because the CBRM is in the tax business, but actually, we want to grow business. We've had a number of businesses that have come to us and said listen, we want to expand, we want to add on some more people, we want to do whatever, but can you give us a break in the taxes and we can do that. Right now, we can't do that.

We want to be able to offer incentives to grow business to give people property at a reduced rate. Now they're on the tax roll and we're collecting taxes. Let's be honest, governments are in the business to collect taxes so we can keep our infrastructure going and do improvements and all that sort of thing, but we have to be able to grow business. We can't do that with our tax rates that we have right now, so that's one of the paramount things we're trying to do to get an incentive to business - small businesses and big businesses, like a container port, in order to offer incentives to make the business case so that these people can come and make the investment. They won't come with the rates we have now, definitely not.

MR. MACDONALD: The partnership hosted an information session with small business and the community - I guess it was a year and a half ago - with Municipal Affairs during their consultation process around new Nova Scotia municipal legislation, so a number of ideas were put forward at that discussion table, everything from around what my colleagues have been talking about, as well as other initiatives around making sure that companies have a thorough understanding of how each municipality has their own processes on how to attract business.

What we're hoping to do through our government partners is to ensure we have a common investment attraction strategy here for Nova Scotia, and that's working with the Department of Business as well as NSBI. That's something we hope to elevate as a provincial mandate is that we need to all work more collaboratively on investment attraction, and that tax component plays a significant role in our abilities all over Nova Scotia to attract new companies to the area.

It's a very important issue and I think we have to pay a lot of attention to it - certainly CBRM in particular with their tax rate. We could look at not only the charter, but in northern New Brunswick they've also put in other levers through the province that can help that part of New Brunswick grow without taking away from the rest of the province. So there are solutions there and hopefully we can have continued discussions around that so we can ensure that investment attraction is something that we can really play a larger role in our economy here in Cape Breton.

MR. WILTON: We introduced legislation in the past sitting to put forth a better tax position for different municipalities. How do you see that going in helping Cape Breton move forward with that? John, to your point, is it needed that business - we need to identify - in New Waterford, as you know, the street is becoming a place for residential properties opposed to business. Can we start identifying those areas as a lower tax base and a rate? Do you see that as being a positive approach throughout Cape Breton?

MR. PHALEN: Absolutely, those are the types of initiatives that we want to be able to proceed with. I think that the leadership that's being shown right now in discussions on tax and how it's going to go through, for example, the charter that we're looking for, I think that's exactly in the right direction that we have to move.

Right now, we're handcuffed with the MGA. The Municipal Government Act doesn't allow us to do those types of things. So if we can proceed with the way that's being ushered in by initiatives that are going forward right now and bring forward a charter just as the HRM has - right now we don't need a full-fledged charter. We need three items and those are the three items that I think can be done legislatively and those are the ones that we really want to push forward so we can get those types of initiatives for New Waterford or a tax-free zone for an industrial park - those types of things. That's paramount right now.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: Thank you for the presentation and I, too, would echo the comments about the beauty of Cape Breton. I've always been attracted to the Bras d'Or Lakes and hope someday to sail on them.

I guess I just want to make a comment on this business about the MGA and the charter. I can tell you that every session of the Legislature, I think without fail, we have had the MGA or the Halifax Charter opened up and some changes made. So I can't see there being any fundamental issue with getting changes made for Cape Breton. They're not always without controversy, and sometimes people are on one side of the issue or the other, but there is a routine thing that things are changed and updated as needed.

My interest is your comments on the changes with ERDT and the new Department of Business. I know that when ERDT was disbanded and the Department of Business created, tourism was spun out, but there were many positive things said about how much better off we would be with the Department of Business. I take it from your comments that maybe that's not the case. So I'm just wondering if you could tell me about any - and maybe this would be to everybody - how has it been working with this new Department of Business and are there any success stories that you can tell me about or are there some frustrations with the Department of Business?

MR. PHALEN: I can echo the comments that I made already: that the commitment is there for the funding and so on but I find that the collaboration is not there like it used to be and the Department of Business, whereas the Department of Economic Development with a full department and a minister, probably is a little better coordination of efforts. It's the coordination issue, when I was in the private sector and then I came back into public life, dealing with - it's kind of a different role that's being done right now. Not to say that both didn't have their pluses and minuses but I think that right now you are dealing with a number of departments, rather than a coordinated department that used to be there before. Those are just my comments.

MR. LOHR: Maybe other people want to comment on this, too, but the other part of that process at the time when the Department of ERDT was closed down, there was an organization called Invest Nova Scotia created and that, too, was projected to have many positives. I was just wondering if you can comment, have you had any interaction with Invest Nova Scotia, or would you have anything to say about that in particular?

MR. MACDONALD: Certainly, Invest Nova Scotia when that was launched we actually looked at it very eagerly because it was really sector-driven, as opposed to just one individual business as a program. Actually, a number of projects have been funded through that initiative in Cape Breton. In particular, there were two; one that I can cite because I was at the kick-off was with Navigate Startup House. That's an accelerator that has been set up in Cape Breton to focus on assisting not only people learning code but providing incubation for early-stage start-ups. That was extremely helpful.

I know there's a number of other applications in the process from Cape Breton, all sector-driven and I think that approach around how we grow a complete sector, such as the wine industry or particular agriculture components, are good investments on the part of Nova Scotia. We're going to continue looking at that platform and that program for future projects here in Cape Breton. I think it will provide a useful tool and, on top of that, you are led to leverage other partners through that program, so you can also bring in additional resources to advance an initiative.

We were very excited when it was kicked off. We've been able to access it. We hope to use it even more going forward.

MR. LOHR: So that I understand, you say there has been one Invest Nova Scotia project in Cape Breton?

MR. MACDONALD: I think there have been more than one. Certainly, there's two that were in the digital sector. I'm not familiar with every one but there were two that were kicked off at the New Dawn community centre that were all wrapped around the digital industry and supporting that growth. Oh yes, one was with Propel ICT and the other one was with Navigate Startup House. There could be others but those are the two that I am very familiar with.

MR. CHAIRMAN: Mr. Phalen, did you want to comment on that? Okay, great, I'll turn it over to Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I just wanted to clarify something before I go into my question. I know you said the three items to change in the charter. I want to make absolutely sure I have them correct, can you just quickly, before I ask my question - the bullet points of those?

MR. PHALEN: The first is the ability to alter our tax rate or provide tax incentives or tax havens. The second is long-term leases, to be able to provide a lease longer than 20 years. It's in the MGA right now. The third item is to be able to sell or offer our property below assessed value.

MS. PETERSON-RAFUSE: I had them but I didn't have them in a nice, neat order so thank you very much.

I want to ask about the construction sector in Cape Breton and the growth of the construction sector. Has there been growth over the last number of years? Where is it now? The follow-up to that would be, how you're looking at taking advantage of the construction industry with respect to the second cruise ship berth.

MR. PHALEN: We're going to see benefit starting today from the second berth. That is a huge investment, and that's leveraged through the three levels of government. That construction project will be completed by the Fall of next year. The shovels will be in the ground probably in the Spring.

I can also say that next year at CBRM we're going to have our biggest year in infrastructure work, with the grow Canada fund and the coordinating funds from the province. It's going to be a huge year for construction. We're lucky this year because the programs come out front. Engineering is being done on them now so that when springtime comes, we'll be ready to go on them.

The CWWF project that was announced also, with one-third of the money and 50 per cent from the feds and from the province, is a big plus for waterline work and for road infrastructure and so on. So we're looking forward to a big year next year.

I would expect the construction industry to grow, which is great because we've got a lot of tradespeople who are realizing the downturn in the work that's going on in the west right now, so they're all out looking for work. We're really excited about that.

MS. PETERSON-RAFUSE: That's great news for Cape Breton . . .

MR. CHAIRMAN: Mr. MacDonald wanted to speak.

MR. MACDONALD: Certainly, the construction industry peaked in Cape Breton, particularly around the CBRM, with the clean-up projects that were happening with the tar ponds and the mine remediation. There was \$400 million spent over a five-year period just on the tar ponds clean-up on its own. We did experience a little bit of a lull after that because that project was significant.

But the Maritime Link is another project that has really had a significant impact on our trades and a lot of our contractors. That's been under way - right now they've been working even through the winter season on some of the facilities. The construction season looks like it's really going to pick up over the next number of months due to that project.

In *Elevate*, the edition that you have there, we actually featured the trades. We wanted to focus on the trades unions and what they're doing throughout Cape Breton on projects. It outlines a number of new initiatives that they've been working on over the last number of years.

Our goal right now is to continue looking at infrastructure opportunities so we can continue to keep our trades folks busy - any new developments and new initiatives through the province would be excellent. So we're trying to put together a list; now that the second berth has been kicked off and that's advancing, what are some of our new priority initiatives around infrastructure improvements?

MR. CHAIRMAN: Did you want to wrap up, Ms. Peterson-Rafuse?

MS. PETERSON-RAFUSE: Of course, I always have to have the last word.

MR. CHAIRMAN: Oh, sorry - Ms. Lannon Oldford.

MS. LANNON OLDFORD: In construction, we hear very good reports from one of our board members - Mr. Jim Kehoe in the construction industry - with the Link project and also with the opportunities that we foresee coming with the Donkin Mine as well. There's a lot of excitement and planning going on in that particular area.

MS. PETERSON-RAFUSE: I just wanted to say that I can certainly see here today the significant role that each one of your organizations plays in the advancement of the economy in Cape Breton. It seems to me that it would be a very good model for other areas in our province. Thank you.

MR. CHAIRMAN: Ms. Eyking.

MS. PAM EYKING: I have a comment and then a two-part question. I like the idea of the provincial procurement proposal. Coming from business myself, I know the advantages to buying bulk, so to speak. With 31 municipalities under a five-REN umbrella, it speaks volumes to the fact to date it's working. I know it's new, but it's working, and I just want to commend you on the work that you are doing with the RENs.

The first part of my question is on *Elevate* magazine. What is your distribution for this? It's very well done. It's very good. It's very informative. I think it really champions so many successes that we have going on in Cape Breton. I have only had a moment to flip through it. It's the first time I've seen it. What is your distribution with the magazine?

MR. MACDONALD: Currently, there's 5,000 printed copies that we provide. We do have an online flip book, but it's certainly the platform for *Elevate*, and we're completely changing that and ramping it. We're elevating it so that we can have a greater online viewership. We will also be doing some social media extension so that we can take stories in there and send out information on a weekly basis, as opposed to waiting around every quarter for a new magazine. We'll make sure we get you on the distribution list.

MS. EYKING: Does the print version go beyond Nova Scotia?

MR. MACDONALD: Yes, we identified key business and community leaders not only here in Nova Scotia but externally in North America. We looked at a number of key boards for the province, and we wanted to make sure that key decision makers were getting the product in their hands, so they're aware of what we're trying to promote.

MS. EYKING: Okay, very good. So in the few seconds that I've had to glance through it, I see that you've profiled the visit to China by Premier McNeil and Minister Keith Colwell along with Victoria Co-Op Fisheries Manager Osborne Burke and their success in their visit there. You have here that over \$200 million in sales was secured on that trip. Can you give me the timelines for that \$200 million? Can you compare it to off-Island sales within the province?

MR. MACDONALD: I can't compare it to off-Island, but that was a significant contract that was secured by Victoria Co-Op Fisheries. Osborne was able to go on a trade mission that the Province of Nova Scotia was also involved in. Through his ability to hire a recent graduate who spoke Chinese, he was able to leverage new investment. That's all around product that he will now be distributing to that new market. That's a significant new customer for them, and they're really pleased. Actually, representatives from their Chinese partner attended their anniversary celebration this past Fall, in October, which I was able to attend. They are really looking forward to ramping up for this season and making sure they meet their targets.

We all know the quality is there, and they have a great workforce within their facility. They are very excited to make sure that their product gets over there nice and safe and that they are responding to their customer's needs in China.

MS. EYKING: Very good. In your presentation . . .

MR. CHAIRMAN: Sorry. It's two questions. You've had two questions, so I'm going to pass it on to Alfie.

Mr. MacLeod.

MR. MACLEOD: There's so many different things that I would really like to ask you about, and we'll probably do it at a later date.

I was very pleased to hear several of you mention the opening of the Donkin Mine. Parker, again, you had mentioned the companies, and you were talking about this as a private investment. There's more private investment going on. In my recent visit there, they actually have the foundations in. They're going to put a wash plant in. We're going to be moving forward with something that is not only familiar to Cape Breton but will also have a lot of value added in the fact that there will be many people working and tax dollars being generated. It's probably one of the best news stories we've had in our community for a long time, and I'm very excited about it.

It goes back to the need for the charter. I know that it has been mentioned several times by several people, and as my colleague mentioned, Halifax has a charter. We are the second biggest community in Nova Scotia, next to Halifax. There hasn't been a session since I've been a member of the House of Assembly when we haven't done something to the Halifax Charter.

You mentioned the three things to my colleague, the member for Chester-St. Margaret's. I know I have asked the Premier on occasion in the House if he was in favour of a charter, and he said he was. He said that it would come in due course.

I guess my question is - we hear a lot about it. I know that the council at home has talked a lot about it - can you give us any indication at all if you know where it is on the radar screen? Because what I've heard from the four of you today is we're on a cusp of needing to move forward and opportunities that are there, but this is one of the tools that this government could provide to make this happen and make the ability for us as a community and as an island to move forward.

By the way, when we're successful, the rest of the province is successful, too, because we are part of the overall gross product.

MR. PHALEN: I can speak on behalf of the mayor. He has been pushing hard on this and we've heard publicly from the Premier that he's 100 per cent in support of it, and we're glad there. I'm glad to hear your comments and Mr. Lohr's comments here that it looks doable, for sure.

We're meeting next week with officials in Halifax on it to pursue it and keep moving forward. I would expect hopefully that you're going to see it in the Legislature very shortly.

MR. MACLEOD: I think it's important for all my colleagues from Cape Breton Island to realize how important this is for the move forward of our economy. One thing I've learned in my time here is that it doesn't matter what colour shirt you have on, when it comes to Cape Breton Island, that's the main and most important focus for the members from there, and I'm very proud to be able to say that.

Eileen, your organization is relatively new. It's a reincarnation of some other things that have been around. I know that you do a lot of things that other organizations don't do to help businesses move along. I'm curious as to the funding formula for your organization and where you are with that because as important as the charter is, having you and Keith being able to help organizations and people that aren't used to the system moving forward is important so I'm very interested in where your funding comes from. Is it long-term funding or is it from pillar-to-post type of thing? In order for the organization to be successful I think it needs to know that the funding is going to be there for a period of time to come forward.

MS. LANNON OLDFORD: When we look at economic development and if you go back - and of course because we have a history with it and I just want to make one comment while I have the opportunity on the former Department of Economic and Rural Development and Tourism. If you lose corporate knowledge sometimes to move forward, it can be very challenging in the catch-up. That's the only point that I'll make on that.

Looking at our funding currently, we are funded by the Cape Breton Regional Municipality. We've been designated as their economic development arm, working with their economic development manager. The province through CBRM has transferred funds for various projects within the business scope that we've presented to CBRM. If I could suggest, that one-year funding just doesn't work for long-term planning, especially in economic development.

I think we're very fortunate with the colleagues that you see around the table here today from Cape Breton that they're forward thinkers and they plan with always that desire and knowledge to say, if there is a deliverable attached to this and it's very strategic, resources will come, but in the actual day-to-day process, my recommendation to the province would be if they could consider on their side of the fence making a commitment to three or four years out based on deliverables and it would be subject to the budgets each year that are going forward.

It just creates that co-operation between funding bodies that there is a sincere long-term commitment to the process. Then we can expedite and do our planning extremely well. But I think we only should be funded if there are deliverables involved.

MR. CHAIRMAN: Ms. Peterson-Rafuse.

MS. PETERSON-RAFUSE: I just wanted to talk a little bit about the creative economy. Of course, every person in Cape Breton is talented in some manner, whether it's singing - there's no question in my mind. (Laughter) I never met one Cape Bretoner that did not have talent.

I'm just wondering, because we didn't talk about that today, about a creative economy plan. I notice in the magazine also that a young lady was awarded by the film industry, as a director for the film that she did. I know that there had to be some impact with the loss of our film and television industry.

I'm just wondering, in all your groups, do you have discussions - I can't imagine you don't - about the creative economy and a strategy around that for Cape Breton? How can the province help support that more?

MR. MACDONALD: Yes, there has been a lot of movement over the last number of years in advancing the cultural and creative sector. I am one of the only non-talented folks. (Laughter)

MS. PETERSON-RAFUSE: What happened? (Laughter)

MR. MACDONALD: I used to sing in Gaelic choir, but that doesn't mean you're talented. If you make mistakes singing in Gaelic, no one notices. It all just sounds Gaelic, right?

One of the sector teams - and I'm sorry, it is in your deck but somehow I missed it in the presentation - under the Prosperity Framework, there is an arts and culture team. Right now, they are working on a regionalized Cape Breton Island strategy. It's just about finished. We have to do one more iteration of interconnection with First Nations, and then we hope to launch that in the Spring. It's very well connected with the recently launched provincial strategy. There's a lot of synergy there. We're excited about that.

On top of that, actually, the Mayor of CBRM kicked off his own creative culture team - I may have the title wrong - to identify the specific advantages in the CBRM and how they themselves as a municipal unit can help support that sector.

It's alive and well. It is one of our key sectors. There are more people employed in that sector than any other sector in Cape Breton. It's often not recognized for its economic impact because people usually view those jobs as part-time or not at a wage that may be comparable to other sectors. But when you do look at it as a whole, it has a real significant impact on our region. It is one of our key advantages, too, because as you recognized, we are renowned for some of our artists - not just here in Atlantic Canada but throughout the world. We want to make sure we keep promoting that.

If the province can do anything to help us with that - CCH has been a great partner. We teamed up with them last May to host the Nova Scotia Creative Economy Conference. We hope to do that again in Cape Breton next year. I know there are some people who want to move it around, but we want to hold on to it.

MS. PETERSON-RAFUSE: I would like to see it on the South Shore. We need to talk.

MR. MACDONALD: We'll figure it out.

MS. PETERSON-RAFUSE: We could partner.

MR. MACDONALD: Yes, we can. There's lots of opportunities there, and it's a very exciting initiative. We'll be inviting all of Nova Scotia to interconnect with our launch of that strategy in the Spring.

MR. CHAIRMAN: Ms. Lannon Oldford wanted to respond.

MS. LANNON OLDFORD: I would like to share with you one of the examples of the cultural sector in the crafts and culture area. We do a lot of hands-on work with small entrepreneurs or small businesses in our region. One of the challenges in that particular area of the cultural sector is that some of the businesses are not officially registered, and in

order to access some of the government programming and support they're encouraged to go along that path because some of them are market-testing at that point in time.

That is an area where we want to give some concentration as well to bring them to that level in support of creating their small business, having it registered, so we can access a lot of the programming and training that's offered through various programs with the province and other areas.

MR. PHALEN: Just quickly, and Keith alluded to it - the Mayor of CBRM did put together a round table of all the arts and culture, including culinary arts and crafts. It's actually a huge industry. Out of that, right now we're doing a CBRM arts and culture strategy, and that was funded in part by the province and in part by ACOA. We're going to develop a strategy, and I'm sure that the CBRM is going to be able to - right now the problem is, and this is the same problem with all municipalities, that usually you have a recreation department or something like that which is looking after arts and culture, but they're more in tune to events and hockey tournaments and that sort of thing.

Out of this, we get a better understanding and a better structure for our municipality that recognizes arts and culture. Of course, one of them is economic development. We're looking forward to that report which will be done by the end of March or early April. Those are the types of things that, with funding from the province and from ACOA, are very beneficial to that huge industry. It's a huge industry in Cape Breton for sure.

MS. PETERSON-RAFUSE: It's certainly a goldmine for the entire province and coordinates other communities with Cape Breton because of course people will travel through the province to get to Cape Breton and plan their trips around that.

I just wanted to ask quickly about the registration. What are the challenges for the small businesses? You mentioned that many are not registered. What is their barrier to that?

MS. LANNON OLDFORD: I believe for some of the potential entrepreneurs, it is getting to that stage of investing in registration, which is not a very expensive process. But if they are seasonal, as Keith mentioned, sometimes they are testing the market, and they haven't grown to that level, but they would like to access a lot of programs. Again, it's just a barrier at times for some of the training or opportunities that exist for them.

It's staying with them and working them through the process to see if we can increase the potential of their markets.

MR. CHAIRMAN: Mr. Wilton.

MR. WILTON: Eileen, this is a question for you. In your opening comments, you mentioned the current growth that we're seeing in different areas: the second berth, the container port - hopefully that goes forward - and the coal industry. Growing up in a coal-mining town, as you know, there was lots of support around machine shops and different

aspects of business there that the coal company used to run themselves. I could see business getting involved in that.

What approach can you guys take to support that and to make people aware that this is an avenue that's needed and will be needed in Cape Breton?

MS. LANNON OLDFORD: Let me give you a specific example. You mentioned the Donkin Mine. We've been in contact with the community representation committee there, and we hope to host workshops in those areas for those ideas to come forward in support of service to a major industry as well as the port.

Many of the small businesses - if we bring big business, and it is created in Cape Breton, they still need people to service them from the trade sector, from retail service, from professional services. People still do go and get their hair cut. They still go shopping. They do buy groceries. So it's to find those opportunities to service those from the trade sector and whatever. We work hands-on with the clients in that area and help them develop a business plan to see if it's feasible for them to move in that direction.

We deal with a lot of large businesses as well. But from our perspective in the CBRM, there has been a change in the mentality, from my involvement with small business development. Fifteen or 20 years ago, people would look at small business development as creating a job for themselves. Now the attitude that we're getting is to create jobs for other people, including themselves.

We are dealing with a generation as well that has not been affected by the mining and the steel industry sector. We're getting that age group coming in with very good ideas. It could be anything, even like you said, an app or something that they're trying in that direction to provide to seniors or to provide to the Port of Sydney concept or the Donkin Mine.

I think we have to create that environment for them to be able to flesh out those ideas and then for the potential to develop a business plan around that to see if there is absolutely an opportunity to create employment in our region.

Many young people in our region - we probably have about 25 per cent of the 128 businesses that we've dealt with that are individuals who have been out West, have taken their resources and have come back and created businesses in the region. So they not all have just kind of went out West and enjoyed the area and spent their money; some of them have really been focused on developing an opportunity, and we have them coming through the door.

We also have a contingency of newcomers to the region. Most of those have been focused on the development of food businesses. We've had three or four of them now set up in the community in CBRM and they're creating jobs as well.

MR. WILTON: Parker, just on the same chart there, the business that you're involved in - are there any supporting businesses that can operate to support you in what you're doing?

MR. RUDDERHAM: Yes, there are. In all our businesses we try to support local businesses, if that answers your question. To pick up something Eileen said - we are on our board and we've got a very business-oriented board. We're being approached all the time by young entrepreneurs seeking - we just took one guy and we walked him to the bank and we spoke for him at the bank and he got his loan.

So myself, Jim Kehoe, Danny Ellis, and Darren McFadgen and others who have a business background, we are going to have a program where these people can come and talk to us because just me, I'm getting calls all the time just as a private citizen - outside of Business Cape Breton - for people to come and sit down and chat with me about this and that. I love it because they're young people and they've got great ideas and they're ambitious, and they get snagged up in everything - as I alluded to earlier, the biggest problem being capital, but if you can get someone like a Jim Kehoe to take an interest in walking them to the bank and introducing them to the bank manager, that goes a long way.

A lot of these things, it's not big money they're looking for. They're not looking for millions of dollars; it's \$10,000, \$50,000, or whatever. That's one of the things that we're really starting to concentrate on at Business Cape Breton and I think that goes a long way to getting some of these young people - they're not missing by much. I come in and I hear these ideas, and as Derek mentioned about the tech people - they've got great ideas, but they haven't got any business background. If they can be guided in that way - so we're doing more and more of that all the time, right up to taking them to meet the bank manager and so on.

MR. LOHR: I would like to defer my follow-up question to my colleague. My question is about the rail. I know there was some damage to the rail in the storms in the Fall and I'm just wondering about an update on the rail line: how important is that and how vital is that to the Cape Breton economy?

MR. PHALEN: Vital. The container port needs the rail line. There's absolutely no ifs, buts or maybes about it. The rail line luckily has been put in a care mode. We've done some study work on what's required to get it up to what we need, and it's not a lot of dollars, but we definitely have to keep a big focus on that rail line because this container terminal, which is huge for the province, is dependent upon that for sure.

MR. CHAIRMAN: Mr. MacLeod.

MR. MACLEOD: Thank you for your generosity, Mr. Chairman. We talked a little bit about the coal mine and I'm just wondering if any of the groups here have made any kind of representation to Nova Scotia Power because here we have a provincial entity that's right here that requires this product that it's producing. From what I know, which is little compared to what I'm sure the experts know, it's a better quality coal than we're bringing in from overseas. They would be buying it in Canadian dollars instead of U.S. dollars. There would be less transportation costs and it would actually benefit all of Nova Scotia in the fact that it would help stabilize power rates for all of Nova Scotia - not just for Cape Breton Island.

So I'm just wondering if there has been any type of consideration or thought by any of the three entities that are identified here or private citizens to encourage Nova Scotia Power to buy local.

MR. RUDDERHAM: Yes, Alfie, a couple of us spoke to - I think it was Mr. Huskison, at one point. Nova Scotia Power did a test on the coal from Donkin. I'm not certain - the story that we heard through the back door was that it wasn't up to the standards of the coal that they were importing.

MR. MACLEOD: All I can tell you is that I worked in the lab at Devco and did the tests on the initial Devco coal that came out of there. There's a word for that and it would be used on the Eyking farms. (Laughter)

MR. RUDDERHAM: And I'm probably the only one sitting around the table who was actually a miner, but anyway.

MR. CHAIRMAN: Thank you very much for your presentations. We have just about five minutes to do quick wrap-ups, so if we can start with Mr. MacDonald.

MR. MACDONALD: Thank you again to the committee. I hope we answered your questions succinctly. I guess the message from the partnership that we wanted to leave, as well as collaboratively, is that we're all working together to advance the economy in Cape Breton. We have more and more collaboration on an ongoing basis where we're working together to identify all of our strengths and ensure that we're focused on what I had on the slide, that we need more businesses in Nova Scotia, particularly in Cape Breton.

Business drives jobs, new growth, and exports. We want all the government representatives here to ensure that when you move along on a day-to-day basis that you recognize the importance of business and that you continue to support the initiatives that are already in place and look at new ones that can help grow the private sector here in Nova Scotia.

On top of that, we're pleased to have a regionalized plan that we're working on with all the various partners, including First Nations, to advance the economy in Cape Breton. People have heard good news stories here, but we barely touched on some of them: Membertou, Eskasoni, and other First Nations - how they're growing and advancing initiatives; and CBU's endeavours around commercialization and working with the private sector through the Verschuren Centre.

We could do another session in half a year and I could give you a whole host of new projects that are being advanced. So any time that this committee would like to have some further updates from my colleagues or myself, we're more than open to that. We look forward to possibly seeing you in the near future to give you a more robust update on the regional enterprise networks with my colleagues on that front.

MR. CHAIRMAN: Thank you. Ms. Lannon Oldford, do you want to wrap up for your team?

MS. LANNON OLDFORD: Thank you very much for the very interesting and supportive questions as well. We would really like you to give some consideration to a long-term commitment funding model, that would be one of the suggestions we would have.

As well, we would very much like a great amount of support for the charter. We think that's a very important tool kit to have that's going to make a difference in not only the CBRM, but if the CBRM becomes a second growth centre in the Province of Nova Scotia, it can only complement the regions that are on the Island and within the Province of Nova Scotia, and as well in the Atlantic area.

We would like that support from you and we would like continuing, ongoing dialogue as well.

MR. CHAIRMAN: Thank you very much. Anybody else? No, good.

With that, I'm going to call a quick recess. We have a little bit of committee business to attend to, so we'll have just like a four-minute recess. I want to thank you guys for coming in from Cape Breton to join us today and give this enlightening presentation. Thank you.

[11:19 a.m. The committee recessed.]

[11:25 a.m. The committee reconvened.]

MR. CHAIRMAN: I call this meeting back to order. For committee business, there was a meeting that was cancelled on February 14th on the role of early childhood development in economic development. I ask the committee if we could move that meeting to June 13th and then extend that meeting, because that was just technically an agenda-

setting meeting, for another half-hour to deal with the agenda. That way, we can kill two birds with one stone. Are we all in favour of that?

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Great. With that, the next meeting will be April 11th, from 1:00 p.m. to 3:00 p.m. on rural Nova Scotia and the need for long-term plans for economic growth in our traditional and non-traditional industries. The witness will be Mr. Dannie Hansen from Louisbourg Seafoods Ltd. I think this is a follow-up to the letter that he presented to the committee requesting this meeting, just to give you an update.

Mr. Wilton.

MR. WILTON: New Dawn Enterprises wants to do a presentation. Can I make a motion that we reach out to them?

MR. CHAIRMAN: That can be part of our agenda-setting on June 13th. That would be a request to have them on the agenda, and then we can build the agenda with New Dawn Enterprises in the next schedule, keeping in mind that it will be summer.

MR. WILTON: Do they still need to send in a letter?

MR. CHAIRMAN: We can deal with that in the caucus office. Are there any other questions?

Great. Thank you very much. I adjourn this meeting.

[The committee adjourned at 11:27 a.m.]