

HANSARD

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COMMITTEE

ON

ECONOMIC DEVELOPMENT

Thursday, February 8, 2018

COMMITTEE ROOM

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ECONOMIC DEVELOPMENT COMMITTEE

Mr. Keith Irving (Chairman)
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[Ms. Rafah DiCostanzo was replaced by Mr. Ben Jessome]

In Attendance:

Ms. Judy Kavanagh
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Office of Regulatory Affairs and Service Effectiveness

Mr. Fred Crooks - Chief Regulatory Officer
Ms. Leanne Hachey - Executive Director,
Stakeholder Relations and Intergovernmental Initiatives

Department of Business

Mr. Bernie Miller - Acting Deputy Minister
Ms. Una Hassenstein - Executive Director

Canadian Federation of Independent Business

Mr. Jordi Morgan - Vice-President, Atlantic Canada



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, FEBRUARY 8, 2018

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

10.00 A.M.

CHAIRMAN
Mr. Keith Irving

VICE-CHAIRMAN
Mr. Hugh MacKay

MR. CHAIRMAN: Order, please. Good morning everyone and welcome to the Standing Committee on Economic Development. My name is Keith Irving, I am the MLA for Kings South and the Chair of this committee.

Today we will be receiving a presentation on the topic of red tape reduction. We are joined by the Department of Business, the Office of Regulatory Affairs and Service Effectiveness, and the Canadian Federation of Independent Business. Welcome everyone.

First of all, I think I will start by having introductions - we'll go around.

[The committee members introduced themselves.]

MR. CHAIRMAN: Just a reminder for everyone to turn your phones off or to vibrate so that we are not interrupted. We've got washrooms just out the door and to the left, the coffee is there. In case of emergency, we'll go out the doors to Granville Street and meet at Grand Parade Square.

The normal process at these committee meetings is to wait for the Chair to recognize you to speak. That's mainly for the purposes of Hansard, to know whose fine words they are writing down and attributing to.

We've got five guests here today. I believe three will be speaking during our opening presentation. I suggest that we have about a half-hour for that and then we'll move to questions, and as per procedure, one question, and one supplementary if necessary. If the list gets long and time gets tight, we'll reduce it down to a question without a supplementary, if that's fine with everyone. Then we'll wrap up questions with about 10 minutes remaining for any closing comments from our guests.

With that, I'd like to turn it over to the Acting Deputy Minister for the Department of Business, Mr. Bernie Miller, to begin the presentation. Perhaps you could introduce the rest of the delegates who are here with you, Mr. Miller.

MR. BERNIE MILLER: Thank you, committee. I am Bernie Miller, I have been Acting Deputy Minister of Business since January 1st. Prior to that, I was involved in the Office of Planning and Priorities in Executive Council and as part of that process was involved with some of the strategy behind the creation of the Office of Strategy Management, which is led by my colleague Fred Crooks. He is the chief regulatory officer of the office; Leanne Hachey is the executive director in that office; Una Hassenstein is an executive director in the Department of Business; and Mr. Jordi Morgan probably needs no introduction but he is the head of the CFIB Nova Scotia Branch - do I have that right or is it the Atlantic Branch? The Atlantic Branch.

Thank you very much for the opportunity to be here today to talk to you about the importance of strong and effective and efficient regulations. There are a couple of thematic points I will touch on and then Mr. Morgan will speak and then Mr. Crooks will speak.

The key themes I wanted to introduce into the discussion is that at a high level we're a small economy in a big world and I think there's a high level of importance for us in Atlantic Canada to look at having consistent and harmonized legislation and regulation. That's one important point that will come out in Mr. Crooks' themes.

The second is the velocity by which government acts relative to business. It's important for government to constantly assess and improve its processes to move at the pace of business. As the Deputy Minister of Business, that's one of the thematic points important to our department.

The third is to demystify the process of regulation and to have a service orientation towards regulation.

Those three themes are things that we'll come back to and that Mr. Crooks will speak about. I think it's also important to talk about this with a very important foundational point. We all recognize the importance of regulation to protect human health, to protect the environment, to protect safety, to protect ecology for the present and for future generations, and to ensure our communities remain vibrant, healthy, and flourishing places to live. Our discussion today is not about rolling back or reducing any regulations that are essential to those important foundational points.

We'll start with that foundational point. The regulatory agenda is not to reduce regulation. It's to make regulation work effectively to achieve the outcomes we want to get to protect the important things we want to protect but to do it in a modern, effective, efficient way. A strong and efficient regulatory regime, when done well, protects the public good. It allows enterprises to flourish and maximize their abilities.

That's the thinking behind the creation of the Office of Regulatory and Service Effectiveness. That's what was contemplated, and that's what Fred and his colleagues and now others in government departments across government are doing. They're looking at how we can modernize our approach to regulation to ensure that we remain effective and relevant so that businesses can then contribute to the positive outcomes we want to achieve for Nova Scotia: improved social well-being, increased exports, increased employment opportunities, and increased opportunities to participate in the economy across Nova Scotia. When businesses succeed and grow, we have a more dynamic environment overall. That's what can contribute to enhanced social well-being.

In advising government and in providing the support to implement government's policies, we want to foster innovation - as a different word for innovation, new and better ways to do valued things. Regulation is a valued thing. We want to find new and better ways and more effective ways to do that valued thing.

The other important point and the thematic point that I led off with is, we bureaucrats in government have to adopt a service orientation so that we can move at the pace of business. Especially in a globally competitive environment, if we have a jurisdiction that is not moving at the pace of business, dynamism in the economy will be inhibited relative to other jurisdictions. That's a very important cross-cutter for government.

We need to collaborate across government. Various departments have their regulatory functions - Department of Environment, Department of Natural Resources, Department of Fisheries and Aquaculture, and Department of Agriculture. There are regulatory components to what they do, in particular Environment and public health. It's important to respect and recognize the importance of those regulatory functions. When we talk about collaboration, it's about improving the processes and improving the outcomes but recognizing the importance of foundationally effective regulations to achieve the outcomes we're trying to achieve, including the importance of protecting human health and safety, and the environment and ecology.

The other thematic point, which I'll just reiterate, is that as a population of 950,000 in a globe much larger than that, we're a very small economy. Then if we look at Atlantic Canada as a whole, roughly 2.5 million people relative to the Canadian economy, we're still a small economy. Having inconsistent or challenging regulatory regimes to adapt to in a small jurisdiction is not helpful. An important foundational point for the office when it was created was to work with our sister provinces in Atlantic Canada to develop more

consistency so that as you cross the border from Nova Scotia to New Brunswick, you're not into an entirely new regulatory regime.

The trucking industry is often used as an example, but that concept applies to a lot of our businesses that aren't constrained by borders. If our regulatory regimes are inconsistent but trying to achieve the same objective, it just makes business more challenging, so harmonization is another important theme.

The final point I'd leave you with before turning it over to Mr. Morgan is we recognize that there is work to do. We are not to where we need to be in order to say that success has been fully achieved, but like many things in life, it's an effort of continuous improvement. There's the old expression: the best time to plant a tree was 20 years ago and the next best time is today. That's what the office is intended to do, recognizing that historically there have been challenges with pace and layers and processes to start to build that improvement. Some of the measurable tools in order to do that will be something that Mr. Crooks will speak about. Without targets, without measures, without quantifiable tools, you can't really assess whether you are making progress.

The instructions I have had in my various functions in government are to make better regulation a priority, and now with my involvement with the Department of Business, to work collaboratively with Mr. Crooks' office and across government offices and departments on this important priority. The Department of Business will work collaboratively and take a leadership role in collaborating to improve regulation, coming back to that foundational point, without sacrificing the public interest and the importance of effective regulation to ensure that our communities remain healthy and strong.

Thank you very much for the opportunity to kick this off. I turn it over to Mr. Morgan.

MR. CHAIRMAN: Mr. Morgan.

MR. JORDI MORGAN: I can't tell you how delighted I am to be able to sit down in front of a group of people who are actually looking forward to a discussion about regulatory reform. It wasn't quite like that at the Christmas parties. We live and breathe this stuff as an organization.

Just a little bit of a preface about CFIB. We're a business organization, the largest in Canada. We represent 110,000 small- and medium-size independently owned businesses right across the country, in all sectors, in all regions. About 5,200 of those members are here in Nova Scotia, so we are a constituency that you run into every day when you're walking along Main Street, when you're doing business, you'll find our members are there. Our job is to represent their interests to government.

We do some other things as well. We have services that we provide, but principally CFIB was formed in order to make sure that the voice of small- and medium-size business is heard. Regulatory reform is one of those things that while it may not jump to mind in a lot of business owners' experiences, it is something they deal with day to day and they bring the idea of red tape to us as one of their principal irritants and one of the principal constraints on doing business regularly. The overall tax burden and red tape are generally right up at the top. This is why we've been living and breathing this for the last 10 years, the creation of the red tape report card right across the country, CFIB has been a leader on this. Laura Jones - we call her our red tape warrior - is really an international expert in red tape, especially as it applies to small- and medium-size business.

We've been delighted to work with the Nova Scotia Government over the last few years in establishing, or at least having some input in the establishment of the Office of Regulatory Affairs and Service Effectiveness. We had a lot of dialogue in the early days, talking about what our principal interests were around an office that would do something like this and the direction that we wanted to see it go.

The reason we've been happy with the direction that Nova Scotia has been moving is because they've taken on certain tenets that we believe are fundamentally important in regulatory reform. I think, as Bernie mentioned, this is not about deregulation, this is not about reducing regulation. It is about regulatory reform and reducing red tape because red tape is the unnecessary or overly burdensome part of the regulatory process and regulatory compliance that businesses find irritating.

[10:15 a.m.]

Everybody understands that there has to be a robust regulatory environment in order for us to do business and have a safe and effective society. Regulation is absolutely necessary. It's what you do all the time as legislators. You come up with regulation and legislation to help inform how we live. What we want to see is, as time goes on, the red tape begin to get teased out of the system, if you will, so that people can more easily comply or be in compliance with regulation.

The document that's in front of you, I'm just going to walk you through it briefly. I don't want to get into detail, but if you have some questions about this, it might be helpful. This was just released as part of our Red Tape Awareness Week, which we do every year in January. We just finished up. We release a red tape report card, and we give out our Paperweight Awards and our Golden Scissors Awards to governments that are doing a good job and some not so much. We also try to bring more awareness about this issue to regulators and legislators and politicians and the general public.

We focus on cost because you need to have a measurable. This is why I think the work that's being done by Fred's office of the government has been effective - because they understood the importance of measurement. When you look at Page 2, the total cost of regulation to Canadian business was \$38.5 billion in 2014. It has remained fairly steady,

it was reduced to \$36.2 billion. Of that, our research has shown that \$10 billion accounts for red tape. That is unnecessary regulation that has been identified by businesses that they feel is a constraint on their economic growth.

On the next page, I want to show you just why this is so impactful for small business - because per employee, regulations are exponentially more expensive with smaller businesses. With fewer than five, you can see the cost per employee is \$6,700. If you go out to a company with 50 to 99 employees, the cost is \$1,700. It's a difference of \$5,000 per employee for regulatory compliance. Obviously, the smaller businesses are sitting up at 11 o'clock at night doing their compliance forms at the kitchen table. They can't shove it off to legal or regulatory affairs. That breakdown, I think, is very illustrative of why it is so important to small businesses that we look seriously at regulatory reform - because it's a constraint on growth. If it's a constraint on growth for small business, then it's a constraint on growth for our economy.

One of the big metrics that we use is the amount of time that's being spent. If you're wondering how we came up with these numbers, there's actually a full disclosure of the methodology that was used at the back of this. I don't think we need to go through the methodological piece of it. Suffice to say that time is an important one, the amount of time people spend on actually dealing with regulation. That's something that we can measure, something that they can identify, and something that we can cost. The average hours spent on regulation per employee by size of business, as you can see, is 178 hours per employee for the smallest of businesses. Then it begins to slope off.

What does it mean for businesses when they're dealing with unnecessary red tape? It discourages them from growing their business. As you can see on Page 7, Figure 6, we asked, does excessive government regulation discourage me from growing my business? Sixty-one per cent agreed, 21 per cent disagreed, and 18 per cent didn't really know. That's a pretty solid majority. Over two-thirds of small business owners feel that excessive government regulation reduces their productivity. As you can see in a similar question, 68 per cent agreed that it affects the productivity of the business.

On Page 8, we have a few conclusions and recommendations that we make here. I'll kind of draw this together around why we are happy to see a better mark for the Nova Scotia Government in the last few years. We asked that the regulatory burden be measured. That means you have to establish a metric. That is one of the things that this office has done. It has created a costing tool, which has allowed the government to actually be able to look at the cost of regulation on business, which is so important. Institutionalize the measure. Impose some constraints within the guiding principles that the Premier put out at the inception of this office - the one-for-one rule was brought forward as a principle, and we would like to see that strengthened as a legislated requirement. Make regulatory accountability a political priority and appoint a minister responsible - we're pleased to see that that has happened here in Nova Scotia. Communication. Just focus on areas that are economically productive. Keep compliance flexible and provide some basic examples and

guidelines for what constitutes compliance and non-compliance. Improve government customer service, which is something we see happening in Service Nova Scotia.

We're also happy to say that we were able to give an honourable mention in our Golden Scissors Awards to the Business Navigation Service that the government has established. They have some metrics that show how that actually helps businesses get off the ground and get up and running, being able to wade through a lot of these issues with government red tape.

Just very briefly to wrap, we're also pleased to see the institution of the Joint Office. One of the big things we've dealt with over the past number of years has been interprovincial trade barriers. We hope we never find ourselves looking across the border like they are in Alberta and British Columbia this week. I can say that interprovincial trade barriers are a very important piece of this. The Joint Office can act as an important institution in order to help reduce that. We would like to see that strengthened and we would like to see more participation coming from the other three Atlantic Provinces as well, but we think that Nova Scotia has done a good job in maintaining that.

Thank you very much, Mr. Chairman, for the opportunity to voice our members' concerns here at the table and I look forward to any questions you have later. I'll turn it over to Fred.

MR. CHAIRMAN: Mr. Crooks, we have about 12 or 14 minutes - I'm still doing some numbers here.

MR. FRED CROOKS: Mr. Chairman, out of character, I will try to be brief. Obviously, we all appreciate - I know my colleagues at the table and I certainly appreciate the opportunity, as both have said, to have some focus on this important issue. It's a pleasure to be here, and of course it's a topic near and dear to the people who work in our office because it's our principal focus.

If I could, I'd like to just focus on two things. One is - and we've heard a fair amount about this from Bernie and from Jordi - I'd like to talk about the wider economic impact of red tape reduction because, obviously, this committee's mandate concerns economic development. In addition, even though there's a lot of focus on red tape - and Jordi and his colleagues have done exemplary work in continuing to bring it to the fore - I think the potential for what could be realized by having the right regulatory climate in terms of economic development is understated. I'd just like to focus on that.

Then second, if time allows, I'd like to just briefly talk about the role of our office - we can get into it more in questions - and some of the priorities we have in our office to try to deal with these issues. Both Jordi and Bernie have touched on those so I'll try to not repeat them ad nauseam.

I think the starting point on the economic development implication of burden reduction, or cutting red tape, is that we believe - supported by some pretty powerful research that has been done by bodies like the Atlantic Provinces Economic Council and organizations like CFIB - that regulatory burden reduction is one of the largest economic development opportunities that we face in Atlantic Canada.

That sounds like a pretty strong and powerful statement, lined up against some of the other plans and initiatives that tend to get a fair amount of profile, but we believe it's absolutely the case. It's in that sense that I think the opportunity is understated.

Lots of people tend to think, partly because as Jordi says, it's not the kind of thing you wake up in the morning and it comes to your mind, first thing: what am I going to do about regulations today? But there's a kind of sense that yes, these are irritants, which they are, and these are a pain and a nuisance. As I've said before, really a consistent - just taking the bull by the horns, getting some dusty old volumes off the shelves in the legislative basement that pop up every once in a while that cause people trouble. It's that, but anybody who has run a business or been in a business can tell you that it's a lot more than that.

To give you a sense of how much more, as I've mentioned, we collaborated with the Atlantic Provinces Economic Council in 2016 to do a study that was focused on two things. First - and there's a lot of talk about this - how real is it in terms of an economic opportunity in Atlantic Canada? Secondly, as another piece of research, we work closely with CFIB and our other business stakeholders to map out at the outset what our priorities should be, where do you start, because if you try to do everything you'll end up doing nothing, particularly on something like this because the scope of regulation is so broad.

We enlisted the research capacity of APEC. The first conclusion they reached will probably come as very little surprise to anybody, and that is that in Atlantic Canada, for our size, we are both over-governed and over-regulated. Finn Poschmann, who is the CEO of APEC, puts it quite well when he says this: The collective residents of the Atlantic Provinces carry legislative, regulatory, administrative, enforcement and judiciary burdens that exceed by multiples the burdens carried by the residents of the Greater Toronto Area, of which the Atlantic Provinces have collectively about one-third of the population. It is certainly done more cheaply here, Finn continues, but it is done more than four times over, with a population less than one-third the size - and the Greater Toronto Area shares the provincial costs with another seven million people in Ontario who don't live in the Greater Toronto Area.

To put that another way, to reach all of Atlantic Canada, a business that wants to expand has to meet standards and regulations that tap into a market that's 15 per cent of the size of Ontario but they've got to deal with four different sets of regulations that that much larger market in Ontario, the business in that larger market, has to deal with one.

The main point there is that one of the concerns we hear, and our focus tends to be - we're looking at business generally but our focus does tend to be on small and medium business - one of the biggest single challenges that small and medium business has in terms of growth and getting off the ground is building scale in what should be their home market. Their home market, frankly, I would argue, should be Atlantic Canada, not necessarily a separate province, particularly when you've got a home market that in itself is kind of the smallest market regionally that you could think of in the country.

The second thing APEC found is that because of our small size, our interprovincial trade is more important to us than it is to the rest of the country. I think it accounts for about 59 per cent of our GDP here in Atlantic Canada, interprovincial trade, compared with 39 per cent nationally. We've got a huge interest in this in Atlantic Canada.

This national table under the Canada Free Trade Agreement, taking advantage of that opportunity is almost twice as important to Atlantic Canada as it is to the other regions of the country.

Their final and key finding, which flows from that last point I just made, is that if we could - and this study was done before Newfoundland joined us in the Joint Office, and you might have heard this number before because this is a 2016 study and they're doing some work to update it - but in the Maritimes, if we could reduce red tape or interprovincial trade barriers among those three provinces by 10 per cent, we could boost our combined GDP by about 1.4 per cent, which works out to about \$1 billion a year.

I guess that's really the point that at the outset we'd like to advance, which is look, it's really important to get at these irritants and the frustration factor is not to be underestimated, especially because of the confusion and the sense of defeat that small- and medium-size business owners or people who want to start a business feel when they kind of have to be an expert to figure out, in the first place, how to work through the regulatory maze.

[10:30 a.m.]

You can look at it, and you have to look at both. The micro look at this - it takes a real human toll, and we lose a lot of human capital and contribution to our economy when we aren't as far ahead on regulation as we should be. But big picture, it's probably one of the best economic opportunities we have in front of us.

That's certainly APEC's view. I go back to Finn Poschmann. His comment recently was that the Joint Office offers a superb forum for Atlantic regional co-operation, the best to date, reducing barriers to trade as with reconciling regulation to improve the freedom of choice and build opportunity for our region's residents also brings the potential to deliver material economic gains exceeding those of any single government program or economic development initiative that they're aware of. This is not small potatoes. This is a serious thing.

Frankly, on the regional front, where both Bernie and Jordi said there's room for more work, there sure is if we're going to seize the opportunity. With the demographic and economic outlook that we have in Atlantic Canada, we can't afford to ignore this, especially not something that governments have control over. This is not an economic development initiative kind of thing where you have to go out and invest \$100 million and see what happens. This is something that we can do.

As Bernie emphasized and I think as Jordi said, it doesn't involve what you see in terms of regulatory reform in some jurisdictions, which is deregulation. People have said to us, what big program have you slashed lately? What big piece of legislation have you abolished? That's not the test for us - not to say that some day, sometime, something along those lines might present itself as an appropriate policy initiative after full debate and all the rest of it. But that's not our focus. Our focus is trying to get the right regulation. It's not a nice-to-have.

Mr. Chairman, we have hit 10:30 a.m., and if I can, I'll cut myself back to two or three minutes if that's okay with the committee.

MR. CHAIRMAN: The committee is okay, yes. Take five. I feel generous.

MR. CROOKS: We were established in 2015 alongside New Brunswick as our partner; Prince Edward Island and Newfoundland joined a short time later. As you can tell from those previous comments, the prospect of augmenting economic growth is at the core of what we do.

As I think was also said earlier, it's a big field. It's a big topic. You could easily end up in analysis paralysis, try to do too much at the beginning, and end up really not accomplishing much. What we did was, we thought, look, in the first few years, what we're going to do is really focus on a few areas. The regional area - my minister is the Premier, and right from the outset, a huge focus of our Premier has been to really drive this regional agenda for all the reasons I have just mentioned. We have been focused on that, and I have talked a little bit about that.

There are two things that are more internally focused, i.e., within Nova Scotia. One is measurement and costing, which there has been some discussion about. There are a variety of ways of approaching that. When new regulations and legislation come forward from governments everywhere, typically the big focus is on how much this is going to cost us, i.e., government, taxpayers, which is obviously an important test. An additional dimension for the business community, should be that we be better informed when we're looking at regulations and when we're looking at legislation about what the potential impact is for the people who have to comply with these rules. What's it going to cost them?

We did some research on international best practice and came up with a costing tool that allows us - we did this in consultation with our partners. CFIB was actively involved in advising, giving us their views on what this kind of costing methodology would need to look like in order to be credible. We did some consulting internally with our public servants. I remember one public servant said when we were getting started, Fred, if you're going to come in here and get a whole bunch of us running around counting up regulations, please don't do that because it's a big waste of our time.

I'm not sure I totally agree with that. One thing we knew was that we had to have a measurement model if we were going to be accountable, accountable as we are to the government, accountable ultimately to the Legislature, because at the five-year point there's a report that has to get made to the Legislature on whether or not we're a useful addition to government, and accountable to our stakeholders. We knew this was an important thing for us to do.

This costing methodology, how does that work? How does that get applied? Each proposal for new regulations or a change in regulations or new legislation or a change in legislation eventually comes from the department that is the policy owner and then it comes to us for review against a couple of standards - does it comply with the Charter principles that Jordi mentioned that guide our office, is the purpose clear, is regulation the appropriate vehicle, is there a lighter touch that can get the same job done, has there been appropriate consultation with stakeholders? Those are the kinds of things we look at. We work with the departments with our costing model to arrive at an informed assessment of what this is likely to cost business owners or businesses that are going to have to comply.

That assessment is then available to Cabinet as they decide how they're going to handle the request for regulations or legislative change. So that's the way that works.

The one other thing I would mention is that having that tool has allowed the government to settle on a target for reducing regulatory burden. Understanding what the burden is and how to get at it in individual cases, then you get to the question of, well, how do we deal with it? How do we actually reduce it? Is there a basis for concluding that it should be reduced? We can get into that if there's a question but we believe there is.

What the government has settled on is a target of reducing the cost of regulation to business, estimated by our office, publicly reported, by \$25 million, so we're actively pursuing that target as you can imagine. It's an aggressive target and it's something that the other - the thing about it that's a little different is other provinces and other jurisdictions have had reduction targets. For example, I think Ontario had a reduction target of \$100 million over four years. What Ontario didn't do in that case and what others haven't done is made it a net target, so you could have \$100 million reduced, but through creep and other factors, you could also have some increase in the costs to business.

What we've decided to do here - there are different ways of doing it, I'm not being critical of what Ontario has done. What distinguishes this one from what some others have done is that we've said first, a \$25 million reduction; second, for every dollar of new burden that's created by additional regulation, the department or within the government, there has to be identified a dollar of offsetting burden that there will be a reduction of the equivalent amount - and I don't want to use the word "freeze" - but essentially holding the line, drawing the line under base costs and reducing.

I'm going to wrap up by saying that Jordi mentioned the Business Navigation Service and we're very pleased that that service was recognized this year. It may not be sort of the best long-term or 20-year solution to helping people get access to government services, but our assessment was that it was the single best thing we could do to help start-ups, entrepreneurs, and small business people to get from their idea to action.

We have three navigators. The service started in January of last year. To date, we have had 1,200 businesses, entrepreneurs, in Nova Scotia that have taken advantage of this service, that we have worked with. What makes it different from sort of calling in and finding out, who do I call for this, or how do I get this, is that this is sort of done on a case management basis. We stay with the business owner to try to help them through. There may be 20 or 30 different touch points - different permits, different regulations. If you have a certain combination of functions in a business, you may need to get a couple of those regulators together. What we do is try to look at it from the perspective of the business owner. Government isn't always organized, as Bernie says, in a way that seems intuitively natural to business operators. We try to bridge that gap and be, in a way, a kind of one-stop place at least to get started.

I just want to finish by - the main thing I should do is thank you, Mr. Chairman, for not cutting me off. I want to finish by thanking our business stakeholder partners. I want to single out CFIB because they are the leading voice in the country on red tape. They do more than advocate. They do analysis and research which we have found extremely beneficial in helping us organize our relationship with the business community.

I also want to say, and I have some basis for saying this with our experience in Atlantic Canada, how fabulous the co-operation of public servants in Nova Scotia has been with this initiative. They are embracing what could otherwise be seen as a bit of a pain, with \$25 million reduction targets and the rest of it. They are leaders, and they have a strong aspiration for driving this agenda, which is very encouraging. Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Crooks. I know there's lots to talk about here. Let's get to that through some questions. I would like to begin with Mr. MacKay.

MR. HUGH MACKAY: Mr. Chairman, I direct a question through you to Mr. Morgan. Mr. Morgan, good to see you again. I look forward to seeing you down in beautiful Chester-St. Margaret's on Saturday mornings again this year.

I noted in your report and in some of the news media recently that through the years, Nova Scotia has improved from a D or a D-minus report card with CFIB to a B and I think more recently to an A or an A-minus. I'm wondering if you could expand on some of the reasons that we have had that success.

MR. MORGAN: We have three criteria, essentially, that we use. One is measurement, and we have been talking about that. We also deal with constraints on regulators. These are really important pieces that have been put in place over a period of time.

As we have talked about, the measurement tool is really, really important because you do have to have some sense of what the problem is. Laura Jones, our executive vice-president, says that you have to step on the scale first if you want to lose weight. Therefore, putting a metric in place has been very important. I think that has been probably the most important thing that we have seen.

We have seen political leadership as well. That's one of the other key components. There's political leadership, measurement, and constraint. Those are the three criteria that we use.

I do want to point out - and I think it's opportune actually because my policy analyst Kate Allen is here, and she just showed her phone to me - that Nova Scotia has shown leadership in the region by driving forward the guiding principles, by driving forward a regulatory accountability Act that all four provinces actually put through the Legislature. We have had mixed results but we found out today that Newfoundland and Labrador finally proclaimed this piece of legislation, and that just happened this morning, so we see some leadership here in the region, which we think is extremely important.

[10:45 a.m.]

The constraint on regulators, we'd like to see Nova Scotia get to an A. I don't think we give out A-pluses but we'd certainly like to see the province - we're in the top tier now, we're actually sort of the leading province in the country because of the activities of the office. I think there are some things that will get us over the finish line in terms of, for example, legislating a one-for-one regulation which we have in principle but it needs to be something that's enforced, that really puts a cap on - I think Fred was saying that you want to see a net decrease. You can reduce regulatory costs in some areas but if you're allowing it to balloon elsewhere, if you don't have those constraints on regulation, then you're not really making any progress. Those are the three criteria that we base it on, and I think that's why Nova Scotia has done such a good job in getting to where it needs to be.

MR. CHAIRMAN: Mr. MacKay, do you have a supplementary?

MR. MACKAY: No, I do not. Thank you.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: I know this is a topic of deep interest to every business owner. Regulation is extraordinarily frustrating, it can be. I guess I'd like to direct my question to Mr. Crooks. This is a real-life example. In Kentville there is the Kentville Legion which has a bar in the basement and a liquor licence for that bar. It has a bar on the first floor and a liquor licence for the bar on the first floor - two applications, two licences.

If you were in the basement and purchased a beer - and this is all in the building because you're not going outdoors - and went upstairs and the liquor licence inspector was there and witnessed you travelling up the steps from the basement to the first floor, you would be in violation of the liquor licence. This is a subject of concern to the Legion, the fact that there are two licences required and any time a patron moves from one area to the other - both areas with a bar - they are in potential violation of the law and could lose their licence.

It doesn't affect only the Kentville Legion. If you go down the road, Wayfarers' Ale Society, a bar, also has a downstairs and an upstairs place, they also serve alcohol, also have to have two licences for those two areas. In fact, they have a patio outside they're developing and will need a third licence. I'm just wondering, is this something that you're aware of or has concerned you?

I realize you said the main focus of this is interprovincial, you did mention that there's a provincial focus. Is this the type of thing that you can offer any hope to all the Legions and businesses like that that there will be any change in these kinds of antiquated laws that treat different areas in the same building differently?

MR. CROOKS: The member touches on an area of strong interest on the part of the office. I know that Service Nova Scotia, which I believe has the responsibility for the Alcohol and Gaming Authority, is very focused on this as well. We've worked with Service Nova Scotia, for example, in connection with the modification of the rule to do with being able to have a drink - in fact, up to two drinks - in a restaurant without buying food, which was a business impediment. We were glad to see that progress.

It's an area of continuing interest for us and I know it's a priority for Service Nova Scotia. You are identifying something that has been identified frequently in the past. All I can say is it's not sort of - the pace on this ultimately is set by the department and by the regulatory authority responsible for it but we have a strong interest in it. We've got a great relationship and great co-operation with Service Nova Scotia. This kind of thing is definitely on our agenda with Service Nova Scotia.

MR. LOHR: The two drinks in the restaurant, that's interesting too. It begs a second question and that is when I look at what CFIB has put out, if I flip to the back of that, there's sort of a distillation of their analysis process with math that I haven't seen since university and can't quite figure out, but I'm sure that Jordi knows how to do that math.

I'm just wondering if when you calculate your \$25 million annually, have you published or do you have a description of the methodology that you have used? Have you made that public and can we see that?

MR. CROOKS: We have not made it public but we absolutely intend to. We'll have an interim report. The program runs until the end of 2018. We'll have an interim report within the next few weeks, which will include information on the regulatory changes that have produced savings, anything that has been introduced that has produced an additional cost. It will identify departments and programs and the costing methodology behind this. All of that will be in the public domain as an interim update.

Frankly, we would like to have had it out and been in a position to have it available, for example, even this morning, but we want to make sure we have a full picture. We want to give a comprehensive picture. It's going to just take us another couple of weeks to get that done, but it will be published.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: I think one of the common themes I see here that is intriguing, we see a lot of people come through our committees but the collaboration is not only linear - it's across all - it's very complicated and I commend all of you. I think it's truly an example of how a lot more of our programs and our reviews that we put on should be done. When you think about what you're doing, working not only across provinces but across all the sectors, across all the departments, in a very complicated world, I commend and thank all of you for the work you've done.

As an MLA, I think all of us here, we like to hear what's going on on the ground. I guess the questions - I'll start with Mr. Crooks and Mr. Morgan, if I could, and if there are others who have additional things, they can add to it. I'm interested in what you hear from employers, what you've been hearing. I think you have a good open door, both of you. But if there's a summary of key, high-level things that you can tell me that are the most common questions you hear from businesses.

MR. MORGAN: I think this is a good opportunity - and I think it will tie in with Mr. Lohr's question as well - around the frustration that business owners have with those types of regulations, the things they see as antiquated, that don't make sense. A great deal of the time they don't see what level of government it comes from. They don't know whether it's coming from federal, provincial, or municipal. They just know that an inspector is showing up or somebody is coming in and creating problems for them, creating either time problems or cost problems or that there is confusion. There are essentially

redundant things that are happening, regulations that perhaps don't mesh. I think that's what we hear most from folks.

We have business resource counsellors across the region. We take upwards of 1,000 calls a year from people who will deal with everything from HR issues but a lot of it is regulatory. They're saying, whether it's CRA or whether they're dealing with a municipality or whether they're dealing with a piece of environmental legislation, whatever it might be, they want to know that they're doing the right thing. It's the confusion and the difficulty they're having in terms of understanding that. That's why I think this Business Navigation Service has been good. Is it a complete panacea? No, but I think it fits the bill now.

Ideally we'd like to not have to have one because you'd like to have a regulatory system that operated smoothly enough that you don't have to have somebody take your hand and walk you through what government requirements there are.

To your question, I could identify a half-dozen different issues that we hear about specifically, and we do that through our Paperweight Awards and that kind of stuff. I think the important piece is that you want to find a way to get greater government service or customer service to the people who are using government. The first thing to do is to begin to look from the regulatory point of view, but at the same time, I think the service side in government has to be addressed as well.

I think finding ways to develop improvements in that area is the most important thing we can focus on right now. We see some of it happening. Is it happening fast enough? Probably not for a lot of people.

We do see some other really good things that are happening. I'm chairing an advisory panel actually with HRM now. We have the business community working together with HRM and the joint office to try to unravel some of that crossover between municipal regulation and provincial regulation. I think that's another important piece that we have to - it's another Gordian knot that we have to kind of untie and figure out.

All this work, as you mentioned, is really hard. I mean anything worth doing in life is going to be hard. But to Fred's point, if the Public Service is on board and they're seeing the benefits of this in terms of streamlining services, if you folks who are the political masters are onside with this, and we actually have a form that we can take through and a structure that we can do this, I think everybody can make progress. It may be incremental but it's progress.

MR. CHAIRMAN: Mr. Crooks, did you want to add something?

MR. CROOKS: I just really want to reiterate what Jordi has said. Those are the things that we typically hear about. We hear about the rules that appear to not make any sense, people get very frustrated about that. We hear in terms of areas, we hear issues from employers, particularly small employers who are burdened with the administrative requirements related to things like workers' compensation, which has been doing a lot of good work in Nova Scotia, but we hear that. There are a number of areas that come to the fore if you do a survey and so on. We've addressed some of those but there's much more work to be done.

I think the focus on service that Jordi mentioned is really important. I think that's what we keep hearing, these people that we're dealing with - we're not hearing from people who are advocating for slash and burn in the regulatory arena. We're hearing from people who just want to see it work and who want to be able to work with it.

MR. GORDON WILSON: Just on another note, it's nice to hear and you touched on it, about the regional work that you're doing. It's nice to see that Newfoundland is there now. Can you give us an idea of any kind of projects that regionally are being worked on?

MR. CROOKS: Absolutely . . .

MR. CHAIRMAN: Mr. Crooks.

MR. CROOKS: I'm a slow learner, as you probably could tell before this.

MR. CHAIRMAN: I'm sorry, this is some of the red tape that we have in committees so my apologies - go ahead.

MR. CROOKS: Not at all. Actually, if I might, I'm going to ask my colleague, Leanne Hachey, to respond to that. Leanne leads our - as I say, she's kind of an executive director of a lot of things. She leads our work in the regional field and she can just - it's a lot, we've got about 20 initiatives under way right now that we've been working on. They are significant and there's significant progress because they demonstrate what can be done. When you get teams of people in all four provinces working together it goes more easily than you might expect.

We also know that if we're going to get to where somebody like APEC, a group like APEC has said we could get to, we're going to have to really accelerate the agenda. Leanne, why don't you just give an example or two? I think it would be helpful.

MS. LEANNE HACHEY: Our work on the regional front really has happened in two areas. One would be the foundational pieces so that Charter of Governing Principles that Jordi spoke to, all four provinces have adopted that Charter so we're all going in looking at regulatory excellence in the same way.

The second foundational piece would be common legislation. We all have a regulatory accountability reporting Act and those two pieces really form the foundation for this other work. That comes more to the practical side. I'll go through a quick list.

[11:00 a.m.]

I just want to tell you where the list comes from. Fred had mentioned that we asked APEC to help us in this area, first to quantify the size of the opportunity - is it real - but also to help us prioritize because we really want to get stuff done. APEC has helped us narrow our focus. As important is working with the business community. We talk to the business community on an ongoing basis to ask them, in this area of regional alignment, where should we be focusing our efforts? When I talk about the list, those are the two places where that list comes from.

The specifics are things like mutual recognition of head and foot safety. Do you know that when White Juan hit Nova Scotia so many years ago, New Brunswick workers who were following the laws of Nova Scotia would have had to purchase new foot protection when crossing the border? They no longer have to do that because our provinces have now mutually recognized foot protection. We also mutually recognize head protection. We're also looking at several other areas of mutual recognition in this area, like first aid training, joint occupational health and safety training. So, again, employers that work in more than one province or who want to, don't have to follow different sets of rules when really we're all coming at these things from the same policy perspective.

Certainly, transportation is a strategic industry for our region. It's also an important industry in its own right. We have done things like standardize the carrier profile, which is kind of like a report card for the trucking industry, so you don't get a different grade in Nova Scotia when you have the same fleet and drivers that you do in New Brunswick.

Another area that we have worked on is procurement. We have lots of businesses that want to compete for bids in more than one province. Now the kind of RFPs - requests for proposals - that they fill out have the same look and feel, whereas before our office, they all looked different.

Those are some specific, concrete examples on the practical side that we have been working on. Again, they have been driven by what the areas of greatest economic opportunity are and what the top irritants are for the business community.

MR. CHAIRMAN: We'll move now to Ms. Leblanc.

MS. SUSAN LEBLANC: Thanks very much for your presentation. I come from the not-for-profit sector. Mr. Crooks, you were saying that people don't wake up in the morning and think, how can I deal with regulations? In fact, that was kind of my experience. I would wake up and go, how am I going to get that grant today? What do I have to do to get around that? I actually kind of love this topic, even though I don't come

at it from a business perspective, and some of these things just make me shake my head and roll my eyes.

That being said, I have some questions around impacts on workers and people and what that looks like. My first question is around minimum wage. I note that you have been doing a lot of work, as you say, to organize things in the Atlantic Provinces. I'm wondering if the office or the Department of Business sees a potential advantage for a single minimum wage in the Atlantic Provinces. That's my first question.

MR. CROOKS: First of all, we think the area of minimum wage is an important area of regional interest. We started by thinking that one thing we can probably do without getting into minimum wage rates - because they differ, although surprisingly little among the provinces at the moment - is at least have businesses that operate in various provinces have the same timing so that minimum wage changes happen on the same day in each province every year. Having them on different years and sometimes twice in one year in some provinces really drove a whole lot of back-office work, especially for smaller employers, as Jordi is saying, that aren't equipped to deal with it. We have alignment to April 1st, I think, for changes to the minimum wages.

The Premiers, after their most recent Council of Atlantic Premiers meeting, identified a minimum wage rate alignment as something for further exploration. It's on the list, and it's something that is being considered in the four provinces and by our office and by the Department of Labour and Advanced Education, which has the primary responsibility in Nova Scotia for that policy area. It's something the Premiers are interested in exploring. It's certainly on the agenda.

MS. LEBLANC: My supplementary is for you, Mr. Morgan. I know your organization has raised fears around minimum wages, that the effect of a large minimum wage increase would reduce job opportunities for young people. But we have analyses from the Canadian Centre for Policy Alternatives and also something from the Bank of Canada that talks about minimum wage workers - the sector that will benefit most from an increase would be women who work in medium to large businesses. Also the fact that we've seen research that would point to the fact that a loss in hours would be made up for by benefits of higher wages by the workers themselves.

My question is, do you disagree with that? Second, if you do, which I assume you do, would you be able to provide us with your research documents that support your points on minimum wage or your ideas about minimum wage?

MR. MORGAN: Absolutely. We have lots of documentation in terms of the research we've done with our members around their perceptions and their concerns around minimum wage.

I'm just going to preface this with, I think there is a consensus that minimum wage needs to increase. I think the greatest point of contention is the rate and the predictability of it. We've seen two examples in Alberta and Ontario where these were not really expected increases. I mean you could argue in Alberta that the Party that came into power campaigned on that. In Ontario, they did not. I think a lot of businesses were blindsided and a spike is very difficult to absorb.

Our members have consistently said that they need some sort of predictability around their wage structure so that's something we look for. Also, severe spikes or fast spikes are also very difficult to absorb so they have to make changes. I mean businesses cannot simply say okay, we've got an extra pool of money lying around that we can pay these extra wages with. A lot of them are running on fairly tight margins. I can talk about in the service industry, they are very tight, so when you have a wage increase like that, you have to make an adjustment somewhere. We've seen some of it happening in Ontario already. There's obviously a pretty significant response to what's happening, but these adjustments have to be made.

We can argue back and forth the benefits of what tools should be used. We have always said that the minimum wage is a rather blunt instrument. Something we also want to see is, if a government is going to increase minimum wage, to be very clear on what the rationale for it is. Is it an anti-poverty measure? Is it an economic measure? What's the reasoning for this and what's the evidence that says you're going to get from here to here with that particular action? That's something we haven't seen.

We've seen situations as in Ontario where I think very broadly, people see this as a politically-motivated action. We just want people to identify what the objective of the minimum wage increase is and if there are other tools that you can use, either instead of or alongside a minimum wage increase, that are going to attack the problem that you're trying to attack. If it is to assist low-income workers, are there areas where perhaps you can find other tools that could be used that may be a little more precise?

Without getting into the full minimum wage discussion, yes, absolutely we'll provide you with all the documentation that we have on minimum wage, and we have lots of it. I guess we can send that to you through the committee clerk. I think I've lost myself now - if there's anything else you need to know, we're happy to give it to you.

MR. CHAIRMAN: Ms. Zann.

MS. LENORE ZANN: Thank you for the presentations everybody; it's good to see you. Our caucus has been hearing from a number of businesses. I have a lot of great businesses in Truro and a lot of them are actually really good friends. Some people are concerned that a lot of the RFPs include requirements that exclude smaller local businesses in winning contracts, and that government contracts tend to be awarded to out-of-province companies.

Let's start with, is your office concerned about that? Are you doing anything to help the smaller local businesses in trying to get these RFPs and be awarded the tender?

MR. CROOKS: First, procurement is a very important piece on our agenda. That's why we sort of tackled it on a regional basis with the co-operation of our Internal Services procurement folks. I'm not saying there hasn't been some contact in our office, but I haven't heard about this concern of provisions that would tend to exclude local businesses in favour of out-of-province businesses. But having heard about it here and now, we'll certainly have a look at that.

In fact, I'll be speaking shortly with the deputy of Internal Services, which includes procurement. I know he would be very concerned about that himself. I guess our perspective on procurement is that the process needs to be as simple and as streamlined as possible, and I know that's the deputy's perspective. The other thing is, we know that the amount spent annually on procurement by government is material, and designed in the right way, can help to drive economic opportunity.

That's an area that I think is a significant area of opportunity for conversation among Bernie, as deputy of Business, and the procurement deputy, as you raised this question: are we maximizing the opportunity to leverage the procurement spend that we leverage to achieve the best economic result that we can? Obviously, the principal focus has to be getting value for dollars, but what goes into the calculation of value of course is the economic opportunity that may be generated.

MS. ZANN: Also, I imagine trade agreements have had something to do with it as well, the larger contracts to hospitals and bigger institutions. I know sometimes they're getting . . .

MR. CROOKS: Trade agreements are getting . . .

MS. ZANN: Sorry - that wasn't my second question.

MR. CHAIRMAN: I'll let you weave your question into that, and then Mr. Crooks can respond.

MS. ZANN: Okay, so let me weave my question into that.

MR. CROOKS: I started to answer before you finished your question. Sorry.

MS. ZANN: They don't let you have conversations here. (Laughter)

That is some of the stuff we're hearing. For instance, here's just another example along the same lines. This may become a moot point very soon, but there's a school board on the South Shore that has been testing out a really great new initiative. It was called the South Shore School Food Project. It connected local businesses and local non-profits to school cafeterias. They were providing kids with fresh, healthy local foods.

First of all, are you aware of that initiative? Has your office met with school boards or talked to any of the school boards to find red tape removal that would encourage more initiatives like this? Obviously, they're going to be getting rid of school boards now, but have you even talked to them about the removal of school boards and how much money that's going to save, or if they kept them and they did initiatives that would cut red tape, whether that would save money for these kinds of projects?

MR. CHAIRMAN: Well woven, Ms. Zann. We'll turn to Mr. Crooks.

MR. CROOKS: I'm not aware of this program. I have not spoken to school boards. Our focus has been primarily on the private sector, on the business community. I haven't really had any involvement in whether school boards should stay or go or any of the aspects of that discussion that is happening at the moment.

[11:15 a.m.]

You raise a good point. The initial few years of our office, as I mentioned at the outset, we've been pretty focused on sort of trying to get some results in a more narrow area, but our legislation - and CFIB does encourage us in this direction - opens the opportunity for the office to look at not just a focus on business, but to look at the opportunity of red tape reduction involving citizens.

Service Nova Scotia and my colleague, Joanne Munro, do a great job there. They're doing great work but it is something that at some stage we're going to have to think about. In a broad sense, economic opportunity is shaped by the entire regulatory framework, not just the framework that directly affects and imposes cost savings to business. We've been having some of that discussion with CFIB, so we're thinking about that.

To be perfectly honest with you - the answer to your question is no - we're a small group and we've tried to be focused so we can get some results in a particular area as we get under way, not that that's not important.

MS. ZANN: Okay, thank you very much, I appreciate that.

MR. CHAIRMAN: Mr. Jessome.

MR. BEN JESSOME: Through you, Mr. Chairman, my first question will be directed to Mr. Miller. Mr. Crooks referenced the positive relationship that departments and the bureaucratic side of this have with the Office of Regulatory Affairs and their willingness to respond to inferences, sentiments, and goals set out by the Office of Regulatory Affairs.

I'm curious if you wouldn't mind kind of elaborating on your experience of that relationship and if there is, I guess, a qualifying metric that would be associated with improved customer service, if that makes sense.

MR. MILLER: Thank you for the question. The root of this was obviously a direction that came as part of government's overall policy and it was to work collaboratively across departments to reduce regulatory burden and, importantly, to improve service effectiveness.

I'll just put this in context. There was a tax and regulatory review done in 2014, and the regulatory aspect of it is where our attention became focused. We looked back in time and saw that there were several efforts in the past, and other governments have tried and failed to really advance this. It came to the conclusion that this can't be compartmentalized, it can't be solved with just a single office. The progress that has to be made has to be across government, and you need to be realistic about the challenge. Government is complex and the economy as a system is complex, and the economy has to serve the public good ultimately.

We started with the foundational principles I talked about, so that's at the high level. Then there's the execution of how you actually measure progress. The office, as Mr. Crooks has identified, has a tool that measures the dollar impact of regulatory reduction on the business community and it is net, so you can't add a burden that would exceed, so to make progress you have to reduce the overall burden. That's number one.

Within government, an important process called Lean Six Sigma - and I actually don't like the name because it makes it sound too mysterious. I'd rather it was called continuous process improvement or something like that. Lean Six Sigma is really just a methodology to look at your internal processes and eliminate anything that's unnecessary to the outcome you're trying to achieve. If it's a not-for-profit that's applying for a grant and there are eight steps, a Lean Six Sigma analysis of that issue would assess each one of those steps, the work that is required to complete those steps, what purpose that step is trying to achieve, and the focus is to eliminate as many of those steps as possible.

Lean Six Sigma is housed in the Department of Internal Services so that's much more of an internal focus of government rather than business-facing as the Office of Regulatory Affairs and Service Effectiveness is, or citizen-facing as Service Nova Scotia is. But there is a Lean Six Sigma process that's under way.

I'll give a very quick example if I have a moment on it. Immigration processing - obviously increasing the population of the province is an important priority, I think, for everyone. One aspect of that is to get a larger cap from the federal government, but then improve the processing and speed by which immigration applications are managed.

In immigration, there has been an invitation of the Department of Internal Services to do a process review using the Lean Six Sigma principle. I don't have the precise time periods, but it was material so the numbers I use will be illustrative only. If under the old process it was 160 days from application to approval of permanent residency status, they were able to reduce it materially down to 50 per cent of that time, or a significant, meaningful improvement in the number of steps required to get permanent residency in Nova Scotia. That obviously means if you process faster, you're going to have larger numbers and when you're dealing with the federal government, one of the things they want to know is are you accommodating what you have under your existing cap? I don't know if that answered your question.

MR. JESSOME: That's helpful - thank you, Mr. Miller. I guess through you, Mr. Chairman, I'll direct my supplementary to either Mr. Miller or Mr. Crooks.

In focusing on that concept of net gain or net impact, I've heard reference to - if it's reasonable to create a new piece of regulation, then there's an intention to have that net circumstance. I'm wondering if there's a consciousness to keep that focused on the same industry.

I'll try to illustrate it maybe a little bit better. If you're creating, or if there's a reasonable need to create a piece of regulation for industry X, does that net situation focus specifically on that industry? Or would it be if the Department of Environment has the oversight of two different industries, could you have an added regulation on one side of it and then a negative in a different industry, so kind of creating a disproportionate impact for industry A, if I'm making any sense at all?

MR. CROOKS: That's an excellent question, and that's one that we certainly thought about in designing the target and the guide. Our conclusion was, and the way this works is, that there is not that restriction. In other words, if there's an increased cost in one industry, the obligation is not to offset that cost within that industry. From a policy point of view, the objective here is to create a global incentive, kind of an arc toward maintaining a disciplined approach to having regulation grow. Left to its own devices and without that kind of constraint - we've done a little bit of research - the cost of government through normal course operations, the cost of the regulatory part of government to business might grow somewhere between \$0.5 million and \$1.5 million, without any major new programs, in the course of a year, if things are just left to their own devices.

What we're trying to do over the whole of government - which has been embraced, as I've said - is to create an incentive to keep the net cost globally at a reasonable level.

MR. CHAIRMAN: Just before we move on, I have six questions on the list here, leaving about four minutes per question, so unless it's a short snapper, we'll probably just do it without supplementaries. I would ask everyone to be concise both with their questions and their answers so that we can squeeze everybody in our allotted time. Mr. Lohr.

MR. LOHR: My colleague hasn't had a chance to ask a question yet.

MR. CHAIRMAN: We can flip you. She's right after you.

MR. LOHR: Okay, she can go first.

MR. CHAIRMAN: Ms. Paon.

MS. ALANA PAON: That's very gentlemanly of you, John. Thank you.

My ears have perked up very much in hearing that one of the greatest economic opportunities here in Nova Scotia is actually the reduction of regulation red tape. It's great to hear the one-for-one rule. I'm from a background of many different hats. One of them is agriculture and food security; I'm very passionate about that.

I hear from many people who are involved in agriculture about the difficulties that they face, especially when they're smaller scale farmers, and I will even say those who are involved in more cottage industry farming. I will assure you that no farming is ever a hobby, but there are smaller scale farms that are very much in a phase of struggling in this province. You go through this province, and I can tell you - specifically in my constituency in Richmond County, there are a handful of farmers left. It's the saddest thing in the world to actually see the state of farming in Nova Scotia, especially on a small-scale level.

One of the things that has come up in the last few years is the lack of opportunity to have smaller scale abattoirs really be able to survive in this province. There was a lot of lobbying effort in the last few years to have regulations in place - and it's very important to have regulations in place, I want to make certain that I make that clear - so that we do have proper security when it comes to food handling and processing our food. But when you're a smaller scale farmer, and you have to truck a smaller amount of animals, for example, to an abattoir that's two or three hours away to get a provincially inspected, never mind federally inspected, plant - they sometimes will not even take that small amount of animals, actually.

I would like to know what we can foresee in the future for smaller scale farms to actually be able to access services that would have been available for the last 100 or 200 years and that are suddenly not available to small-scale farms to be able to stay in business. The regulatory process seems to be very intense for these smaller scale abattoirs. Many of

them have closed in the last couple of years. There just seems to be an unfairness and a lack of foresight involved in what had happened there. I will say that it has put many of these businesses at risk, and many of them have closed.

MR. CROOKS: I can't speak to the small-scale abattoir situation, though I will certainly undertake to have a look at it.

I guess a starting point for us is that agriculture is a significant priority for us. The Federation of Agriculture is a significant stakeholder. I spoke at their annual meeting last year, I think. I think it's fair to say that we have strong relationships with producers large and small. We have a couple of active issues that we're working on behalf of and assisting small producers with in a couple of parts of the province, without getting into the particular situations.

One of the major areas of opportunity that we see in the region is to have the Canadian Food Inspection Agency treat the four provinces as a region, as opposed to borders that have to be crossed. When you have to cross the provincial border, typically you've got federal regulations that apply to not only inspections, in the case of meat, but to product specifications and the kind of facilities you need.

[11:30 a.m.]

We've had this instance with cheese producers and producers of preserves and so on. We're actually in conversation at the moment with the federal government and some federal agencies about the possibility - whether we'll get there or not is another thing, but the possibility - of opening up the region so that producers in Nova Scotia have easier access to New Brunswick and Prince Edward Island, in other words that they don't have an extra regulatory burden to meet the CFIA standards because they're shipping jam or they're shipping some other product across borders, which we think will actually - the main constituency that would be helped by that is the smaller producers, the more organic producers. The larger producers tend to be dealing with federally regulated and federally inspected facilities so they're able to come and go.

You get somebody who is, let's say a producer of turkeys or chickens in New Glasgow who gets an opportunity in a major retailer and the retailer wants some of that product to go to New Brunswick. Well right now, in order to do that, what you've got to do is you have to ship those birds to the only federally inspected facility, which is in the Valley and which just makes the whole thing uneconomic.

The question you're raising in a broad sense is one we're very interested in. I'm not aware that we know anything about the abattoir, how the regulations are affecting - I know our Department of Agriculture puts a lot of emphasis on meat safety and inspection at abattoirs, not all provinces do. But that's something I'll want to - I appreciate you raising the question because it's just another dimension of the agriculture focus that we have in our office. I wish I could answer your question this morning but I'm happy to follow up.

MR. CHAIRMAN: Mr. Morgan has some comments, maybe you can help us.

MR. MORGAN: Just very quickly, this speaks more to the degree of importance of this issue, especially here in Nova Scotia. The most recent agri-business study said 93 per cent of farmers think the regulatory burden is growing and 40 per cent of agri-business owners would not advise their children to start a business, given the burden of the government red tape, which is a 4 per cent increase, so they're seeing this.

What we want to do here in Nova Scotia is encourage development in our agricultural sector, that this is such an important file that we should be working on because it's clear that they're seeing it's going in the wrong direction.

MR. CHAIRMAN: Thank you, Mr. Morgan. We'll go to Mr. Lohr. We're not going to make it through our list unless we're fairly concise, so work as a team here with me. Mr. Lohr.

MR. LOHR: I'll try. I can attest personally for agriculture but we'll leave that alone. I appreciate, Mr. Miller, you saying that your department had a leadership role and had collaboration with other departments. I think it's interesting when we think about regulation that it's not all about excessive regulation. Regulation can also provide the framework for businesses to go forward and it's not always excessive regulation. Sometimes it can be murky and unclear regulations that stop business from proceeding. One example of that would be the bill banning high-volume hydraulic fracturing in shale that we saw in 2013, I believe, which did not ban medium-volume, did not ban low-volume, did not say anything about sandstone or coal.

I'm just wondering, given your role in the Department of Business and given the fact that the Premier, I believe, stated yesterday that they would look at onshore gas development in communities that wanted it, can we expect clarity to that bill in the next sitting of the Legislature, which was promised in 2013 but we haven't seen any clarity? Unfortunately, that bill halted every bit of natural gas development in this province. I'm wondering if you can comment on that.

MR. MILLER: I don't know that I can add a whole lot on the policy choices that are made, that would be outside the scope.

I would say generally that the view in the Department of Business is that the economy operates the system for the public good, and the important measure there is to assess the public interest and the public good. Our view on that issue would be informed by our role as being a department that has the job to execute government's policy in the public interest.

As far as the question of amending or adjusting the legislative regime, I'm afraid I can't add a whole lot to the discussion.

MR. CHAIRMAN: Mr. Horne.

MR. BILL HORNE: Thank you, a great discussion. I'm curious, and maybe to Mr. Crooks, your success working within our government departments and all the government departments, have you had the success that you would wish to find and see with the other departments in coming on board to work on this reduction of time and efforts on red tape?

MR. CROOKS: Thank you for the question. I didn't underestimate the challenge of trying to get an office like this started because it's a little bit, if you want, counter-cultural and it cuts across the grain a little bit. At the same time, there are significant priorities that departments have in their own policy area so their focus is pretty intensely on kind of what's in their territory and what's in their shop.

I had an expectation that this would not be an easy job, and as Jordi has said, it is not easy work because it's fairly complicated and there's a cultural dimension to the work and there's an education dimension to the work.

I will say that after, I guess it has been almost two and a half years, I am really - and I probably shouldn't be, I was braced for a challenge, there's lots of challenge - I will say that I am really not only pleased but surprised at the extent to which this agenda has been adopted and made a priority within the departments.

I really wondered when we sort of started off on the \$25 million target, how that would go in terms of being given priority and the departments have been - in fact, the departments are taking some of the leadership now, which is really the point here. Do you need an office like ours forever? Maybe not. Maybe if this gets in-built in the culture and the practices of government, in the future it may be sufficient to have the departments leading this themselves.

I am really impressed, as I said in my opening comments, with the leadership that this province and the senior- and middle-level bureaucrats have given this. It's impressive.

MR. CHAIRMAN: Mr. Wilson.

MR. GORDON WILSON: You touched on it but I don't know the particulars so if you could give me the Coles Notes. I know it has been nationally recognized, the Business Navigator Program. Can you just give me, I guess, the two-minute version of that?

MR. CROOKS: Do you know what I'd like to do in giving you the two-minute version - and all this paper shouldn't scare you - I'd like to give you an example. We have three people in the office, and we've had 1,200 interactions with small and medium businesses. We estimate that on average we've saved them about 10 hours of time each

and on a very modest assignment of the hourly rate that somebody would have to be paid as a proxy for the cost. We estimate we have saved small businesses about \$1 million, not to mention - not to upset the legal community particularly - that a lot of the advice that they get from our navigators is advice that they might have to turn to professionals who they have to pay in order to get that advice. That's not included in the \$1 million.

Here's an example of a small business situation where our navigators were involved. We have a recent immigrant who's barely able to speak English and decided to open his own business - I won't get into what the business is. He requires a translator to assist him with basically everything he's doing. Our navigator was contacted by this individual and went out to meet with him - in co-operation with the YMCA who have an immigrant settlement program - brought all the forms for all the permits and background information that would be required, got help with the translation, and interviewed the person to scope out the business and get ideas as to time frames and how far into the process the client was.

She then went through different types of business structures, how to reserve a business name, how to register a business, what types of permits would be required from the municipality, not just the province. She explained the process to set up this type of business, all the permits to comply with the specialized guides and regulations that apply. She helped the client with opportunities for financing and funding. The client wanted to explore his options on commercial real estate, and put the person in touch with our contact at the Halifax Partnership, which is into the commercial real estate business. Because there's a complexity in the business model, and I don't want to identify it, our navigator contacted a public health official to discuss certain requirements. The health official is now meeting with the individual with a translator to go through those. Now, this is a case that's in the early stages, so the navigator is going to take it upon herself to follow through with the individual to make sure that none of this drops off the radar.

That's the kind of thing that they're doing in these 1,100 or 1,200 cases. They're getting with people, and then they're trying to stay with them to help move them along. I have another one which I won't get into. A small manufacturer wants to move from Ontario to Nova Scotia and export product around the world. This is just a recent one. That one was referred to us by the Department of Business. Another navigator has been going through the same process with that individual.

That's how it works. I don't know if that's helpful.

MR. GORDON WILSON: Yes, thank you.

MR. CHAIRMAN: We have Ms. Leblanc followed by Ms. Zann with about six minutes to share. Ms. Leblanc.

MS. LEBLANC: I'll be quick. Thanks for bringing up that example about a recent immigrant. That's what my question is about. This is a particular case. I have a constituent who is an engineer from Pakistan. He has been here for a year and can't get his P.Eng. because he needs hours in the industry. I know that this is happening across different sectors. I'm wondering if your office has been meeting or would meet with, for instance, the Nova Scotia Association of Professional Engineers or the College of Physicians and Surgeons or any professional associations, as well as ISANS, to see if there are ways to reduce barriers and speed up the accreditation time for foreign workers.

MR. CROOKS: We would be happy to. I think that's a great suggestion, and we'll pick up on that. We have heard about things like that and worked with individuals from time to time. I think it's coming up enough that it wouldn't be a bad idea for us to reach out to the bodies that regulate, the self-regulatory bodies. Sure, absolutely.

[11:45 a.m.]

MR. CHAIRMAN: Ms. Zann.

MS. ZANN: That was fast.

MR. CROOKS: Not typical of me. (Laughter)

MS. ZANN: We're doing well here. Last month the government announced that it's analyzing bridges right across the province to see how much weight they can take. I know you mentioned that you're looking at trucking regulation and enforcements and things like that. Also, the government recently announced that they are going to be approving heavier weights, larger trucks on the roads in Nova Scotia.

Two things, can you talk more specifically about what is actually being done to ensure that the cutting of red tape is not compromising safety, and also the wear and tear on our roads? For instance, just last night I was driving home late from Halifax with that awful weather, with the rain and the snow and the horrible conditions, with cars off the roads. I'm telling you, the trucks that are already the size that they are were speeding along. They didn't care who was there and all the water that they would push up almost made me go off the road four times between here and Truro. I'm concerned and I know that constituents are concerned. What are you going to do to make sure that cutting red tape for this is not going to actually create a huge problem for accidents and other things, the health and safety of our citizens?

MR. CROOKS: We work very closely with the Department of Transportation and Infrastructure Renewal, and sometimes to ensure workplace safety on the highway, with the Department of Labour and Advanced Education - so there are workers who are working on the highway whose safety is a concern and the motoring public whose safety is a concern.

Speaking very generally, first of all, out of our office comes no suggestion at all, or no encouragement or no incentive, to compromise public safety at all. In fact, if there's any question or issue about that we'd be among the first to say, not a chance. So that's number one.

Number two, I know the people in Transportation and Infrastructure Renewal are hyper-focused on ensuring safety, both in terms of the quality of infrastructure and what happens on the highways. I can say that in two and a half years there has never been one occasion where anybody has suggested for a second, either in our office or in the other offices that we work with, that we compromise public safety, whether it's in transportation, worker protection, the environment - that is absolutely not what this is about. Quite the contrary. That would be a total failure of this whole enterprise, as far as we'd be concerned.

Now we are working on efficiency opportunities with the department. There's one that was recently announced, I think, Leanne.

MS. HACHEY: That may be what you're referring to. I think there's an initiative under way to modernize the weights allowable on secondary routes. It is a bit of a chicken and the egg in the sense that the trucking industry wants to invest in newer technology that will allow them to carry heavier weights with vehicles that are safer but currently our road structure, which is changing, doesn't allow that so it is through the Department of Transportation and Infrastructure Renewal - I know they're working very closely with the trucking sector, as well as the forestry sector. That's about as much as I know about that.

MR. CROOKS: It's with them, which is where it should be. There would be zero - in fact, the opposite incentive.

MS. ZANN: You haven't done anything with these regs? You haven't had anything to do with the cutting of red tape for these trucks to be able to now get bigger and to carry heavier loads?

MR. CROOKS: We are aware of this initiative that's being considered in Transportation and Infrastructure Renewal but I can't . . .

MR. CHAIRMAN: Order, please. We've let our weaving get away on us a bit.

MS. ZANN: Sorry, I'm just kind of trying to weave, like point it more closely to the question, which was, did they have anything to do with it and can they do anything to protect us?

MR. CHAIRMAN: Final answer from Mr. Crooks.

MR. CROOKS: If this, as I expect it will, involves a change to regulations, we will look at it.

MS. ZANN: Please keep this in mind.

MR. CROOKS: Absolutely. We will, and as we always do. You can also have the comfort of knowing that if we saw anything different, we would be as concerned as any member of the public. What comes from Transportation and the other agencies has a huge focus on public safety, but yes, absolutely.

MS. ZANN: If you had been on that highway last night, you would be wondering if they were allowing bigger and heavier trucks, trust me.

MR. CHAIRMAN: Order, please. Thank you all. Thank you for everyone's cooperation in squeezing in basically all the questions. I know Ms. Paon has additional questions, and we can perhaps have a conversation afterwards. But now I would like to move to closing remarks. Mr. Crooks.

MR. CROOKS: Since I've had the opportunity to say the most, not by design but by accident, I would really like to congratulate and thank the committee for its focus on this issue. As I said at the outset, for us, one of the biggest single challenges is the link between the opportunity for smarter and better regulation and economic growth. The magic in it, just to touch on something that we were just talking about here a minute ago, is that all of this can be done, if it's done maturely and thoughtfully, in a way that not only doesn't risk the protections that regulations are there to provide, but enhances them.

With that, I would like to thank my colleagues. I'm delighted to have the opportunity to appear with Bernie and Jordi. I thank the committee for some excellent questions, and we're taking away a little homework too.

MR. CHAIRMAN: Mr. Morgan, would you like to make some final remarks?

MR. MORGAN: I want to follow up a little bit on Ms. Zann's comments because I think this is a good way to wrap this up from my perspective.

Regulatory reform is not about deregulation. In fact, when you have better regulations and better processes in place, you can actually encourage improved compliance. At the end of the day, that's what you want to have. A lot of the time, if you have arduous or burdensome regulatory compliance problems, they don't get done, or people will try to avoid them.

The point of this is not about reducing any element of public safety. The point of this is about ensuring that you can get to where you want to be in the most efficient way possible. In many ways, if you can reduce cost of business in doing that, then that money

can go into growing businesses, employing more people, and growing the economy in general. That's how we view it. That is the lens we look at regulatory reform through.

It's funny, I was putting it out, as you do on Twitter, about Red Tape Awareness Week. We had talked about a variety of different things that were going on. There were silly red tape stories. Somebody came back and said, well you cut red tape, and look at Lac-Mégantic. You have a tragedy of that scale and that scope which is not about cutting red tape. It's about ensuring that there are regulatory compliance measures in place. What we want to do is ensure that those things happen, but you want to make sure that you can do it in the most effective way possible and encourage people to comply with the existing regulations. But you're working at cross purposes if those compliance measures are arduous, burdensome, or seemingly unnecessary. That's the way that we view this and the way that we want to approach it.

I want to thank the committee very much for giving us the opportunity to make our members' views known. I will put the caveat on this that we as an organization go out and survey our members all the time, to the point sometimes that it becomes an irritant to them. We're always out looking for their feedback, looking for the information. What you get from CFIB is not my perspective or an ideological perspective, it's what we take in terms of data from our members and their opinions. We have a very rigorous, I think, surveying structure and approach that gives us pretty good, solid data. We have developed it over the last 40 years that we have been in existence. We have a very good research team. We have great staff all across the region. We try to bring the best information that we can to government that are the views of our constituents, which are small- and medium-size businesses. I think many of them are your constituents as well.

We're pleased to have the opportunity to present some of their views. If there is any further data, we have a beautiful new website at cfib.ca - can you plug that stuff here? There's lots of information that's available on there if you'd like to check it out. At any time if any Member of the Legislative Assembly wants information from CFIB about the work we do, we are more than happy to supply it. Thank you once again, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Morgan. Mr. Miller, do you have any final thoughts?

MR. MILLER: Sure. This was my first appearance before this committee so I appreciate the opportunity to do that. The benefit, of course, was to get the input to shine the light on some of the things that you're hearing about from your constituents and we took from it - liquor regulations was one that came up - regulations generally that did not make sense, not in the sense of regulations that would impede the need to protect the public, but some regulations don't make sense and that's helpful to inform the work that we do for Nova Scotians.

The comments on procurement and do our procurement rules exclude businesses, that's important for us to look into, even matters that came up like not-for-profits and the need to make sure that the systems are streamlined in those cases. Credential recognition for professionals is something that I think we all have an interest in making sure get addressed.

Of course, highway safety is important. I'm able to reinforce the message that although regulatory burden and red tape reduction is a priority, it has also been made clear to me that safe and connected communities is a real priority in both the Department of Business and TIR, and all government departments are focused on safe and connected communities as well.

Again, thank you very much for the input. We'll share with the Department of Internal Services, Service Nova Scotia, and the Department of Energy the points that were raised that we couldn't directly answer. I appreciate the opportunity to be here. Thank you.

MR. CHAIRMAN: Thank you, Mr. Miller. On behalf of all members of the committee here today I'd like to thank our witnesses. I think you shone a bright and clear light on the challenge before us on the importance, on the complexity. I think what we saw here today as a committee, very successful work going on, greatly in part with government working with private industry and business to take on this challenge.

I think we all took note of the comments that regulatory reform and reduction of red tape is perhaps our biggest economic opportunity in this province, in this region, and for that part, this country.

Again, thank you all, and thank you to the staff who support our work here. Just a reminder to members that the House has been called back to sitting so we won't be sitting in March, obviously, but we'll take up committee work again at the conclusion of the next House sitting. Thank you all and safe driving home.

[The committee adjourned at 11:58 a.m.]