

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

**COMMITTEE ON
NATURAL RESOURCES AND
ECONOMIC DEVELOPMENT**

Tuesday, February 28, 2023

Committee Room

Innovation Rebate Program

Printed and Published by Nova Scotia Hansard Reporting Services

**NATURAL RESOURCES AND
ECONOMIC DEVELOPMENT COMMITTEE**

John White (Chair)
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Kent Smith
Trevor Boudreau
Chris Palmer
Ronnie LeBlanc
Carman Kerr
Gary Burrill
Lisa Lachance

[Dave Ritcey was replaced by Melissa Sheehy-Richard.]
[Kent Smith was replaced by John A. MacDonald.]
[Trevor Boudreau was replaced by Tom Taggart.]

In Attendance:

Tamer Nusseibeh
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Department of Economic Development

Scott Farmer,
Deputy Minister

Invest Nova Scotia

Peter MacAskill,
COO



House of Assembly
Nova Scotia

HALIFAX, TUESDAY, FEBRUARY 28, 2023

**STANDING COMMITTEE ON
NATURAL RESOURCES AND ECONOMIC DEVELOPMENT**

1:00 P.M.

CHAIR

John White

VICE CHAIR

Dave Ritcey

THE CHAIR: I call this meeting to order. This is the Standing Committee on Natural Resources and Economic Development. I am John White, the MLA for Glace Bay-Dominion, and I'm the Chair of this committee. Today we'll hear from presenters regarding the Innovation Rebate Program.

I'll ask you to please turn off your cell phones or put them on vibrate. In case of emergency, we're to leave the back entrance and go up Granville Street to the Grand Parade so we can be accounted for.

I'll ask all committee members to introduce themselves for the record, starting with MLA Sheehy-Richard.

[The committee members introduced themselves.]

THE CHAIR: I'd also like to recognize the presence of Chief Legislative Counsel Gordon Hebb on my right, and Legislative Committee Clerk Tamer Nusseibeh on my left.

I would now ask the witnesses to just give us a brief introduction of yourselves to start.

[The witnesses introduced themselves.]

THE CHAIR: Welcome to our committee meeting. I understand you both have opening remarks. We're going to start with Deputy Minister Farmer.

SCOTT FARMER: Good afternoon, Mr. Chair and committee members. I'd like to thank you for the opportunity to be here to contribute to today's discussion about the Innovation Rebate Program.

Nova Scotia is growing in both population and opportunities. At the Department of Economic Development, our job is to leverage this growth to strengthen our economy. To do this, we've focused our work on four key areas: growing strategic sectors; increasing productivity; planting the seeds for the economy we want to have tomorrow; and applying a local focus.

When we consider productivity, we know that investments in physical capital, such as machinery and equipment, are a key productivity driver in any economy. Currently, Nova Scotia lags the rest of the country for this type of capital investment. But the Innovation Rebate Program is helping to change that by allowing businesses to make these investments in themselves and their equipment.

IRP, which is delivered by Invest Nova Scotia, helps businesses become more productive, competitive, efficient, and sustainable. In turn, these businesses are then able to create more jobs, stimulate local economies, and drive innovation. The proof is in the data, as well as in the real, on-the-ground change that is happening at many businesses across the province. I know Peter will highlight a couple of these success stories in a few moments.

The Innovation Rebate Program is also directly aligned with Minister Corkum-Greek's mandate, particularly when it comes to working with partners to enable entrepreneurs to start and scale their businesses across the province, and focusing on innovation-driven, green, and sustainable businesses. At its core, IRP is helping us to do just that.

It's also important to acknowledge that to date, about 75 per cent of approved innovation rebates are for projects outside of the Halifax Regional Municipality. The Innovation Rebate Program has had exceptional uptake and success in rural communities, with current projects happening in nine different regions across the province. This program is a great example of government and the business sector working together to address some of our most complex challenges. It's this type of collaboration that will ultimately help drive Nova Scotia's economic growth.

Thank you for the opportunity to say a few words. I look forward to your questions.

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: Thank you, Mr. Chair, and thank you, deputy minister. Thank you to the committee for inviting me here today to talk about the Innovation Rebate Program.

Invest Nova Scotia is the business development agency for the Province. Our team works closely with the Department of Economic Development and our service delivery partners to foster the startup ecosystem, make venture capital investments, drive entrepreneurship, strengthen our companies and grow their sales outside of Nova Scotia, attract investment to the province, and drive community economic development.

We do this by enabling business innovation and entrepreneurship. The Innovation Rebate Program - or as we like to refer to it, the IRP - is one example of how we do that. The program helps Nova Scotia businesses across the province adopt new technologies and solutions more quickly. This rebate tool has been a key support for Nova Scotia companies as they scale and invest in new technology and innovation.

Companies know what they need. They know their competitive landscape. They have the innovative ideas. They come to us and the IRP because there may be a prohibitive barrier to doing the project or doing it as quickly or to its fullest scale. In this way, we all benefit.

Since the inception of the IRP, 68 projects have been approved and 35 of them are now complete. What does this mean for these companies and the communities in which they're based? This means that 35 completed projects have encouraged Nova Scotia companies to invest \$148 million in their own businesses and into the communities across the province. This will continue to grow.

The program allows companies to have up to three years to complete a project. Invest Nova Scotia is able to approve, budget, and forecast these projects. Because of this, we know more investments are being made. There are 68 projects in total with a capital investment of over \$285 million. That's \$285 million that companies are investing to become more competitive.

We also see the benefit of this program reaching beyond the urban centre. From Shelburne to Victoria County, companies have been approved for the Innovation Rebate Program. The program is making an impact in 15 out of 18 counties so far across the province, with 75 per cent of the approved projects encouraging a capital spend outside of HRM.

As an example of this, I think about Louisbourg Seafoods. Louisbourg Seafoods signed their first IRP with us in 2021 for their Canso facility. The family-owned business processes snow crab, whelk, northern shrimp, lobster, other fresh and local seafood

products, and it accessed the Small and Medium Enterprise Innovation Rebate Program. The program incentivized an investment into new frozen product equipment and automation along the production line, which resulted in increased product yield while lightening the physical load for their employees. As a result of the improved processing times, the processing of whole, raw, frozen lobster in Canso more than doubled from what it was the year before.

Beyond the investments being made into their Canso operation, the revenue that Louisbourg Seafoods is seeing as a result of the investment goes back into the community. The corollary benefit being demonstrated through contributions toward the local industry include local technicians and local suppliers. Other benefits include rising wages for workers and creating the conditions for more sustained employment opportunities with an expanded season.

They didn't stop there. The innovations and improvements implemented by the initial IRP saw the company do mid- to long-term planning, and in a three-year plan, they had plans to increase their efficiency for a 15-year period. The large-scale, company-wide strategy to modernize production involves ramping up technology, enabling the business to streamline production, and competing in the international market.

Last year, as part of the permanent IRP, Louisbourg Seafoods committed to undertake a project to introduce new equipment to its whelk and crab production lines in their Louisbourg facility. As part of a \$4.8-million capital investment, they are looking to purchase a new freezer, boxing infrastructure, and grading equipment. The company is also digitizing its primarily paper-based businesses to achieve greater productivity and sustainability. Louisbourg Seafoods expects the equipment and digital upgrades will help the company increase production by 10,000 pounds per day.

This is just one example of how the IRP is helping Nova Scotia companies generate high-value investments to innovate, drive productivity, increase production capacity, and adopt cleaner and more sustainable approaches to growth here in Nova Scotia. Thank you.

THE CHAIR: As we open the floor for questioning, I'd like to remind members and witnesses to wait until I recognize you so that Legislative TV can turn your microphone on to capture your words. We'll wrap up questioning about 2:40 p.m. because we do have some small business to do.

I will be maintaining a speaker's list, so if you want my attention, just raise your hand or give me a nod, or something to that effect. I will also allow a follow-up question if it's in relation to your first question - just so we can make sure we go around.

The floor is open to questioning. MLA Kerr to start.

CARMAN KERR: Thank you both for your opening comments. Mr. MacAskill, you mentioned an impact on 15 of 18 counties. Could you let us know what three counties weren't involved, and any indication of why they weren't involved? Any detail on that would be appreciated.

PETER MACASKILL: Going by memory, I believe it's Yarmouth County and Inverness County, and I want to say Richmond County also - I do have a list here somewhere.

A lot of the reasons are around what's happening within those counties, that sort of thing. We do have people who represent every region around the province who are working with companies. A lot of it is timing. We've talked to lots of different companies within those regions. If any of you here represent them, we'd love to hear from you if you think there are businesses within the region that would benefit from the Innovation Rebate Program.

We have taken some specific marketing initiatives where we're trying to target various regional areas, and for obviously the IRP being more of a capital type of an incentive, it enables us to be able to drive marketing efforts and whatnot into the regional areas.

CARMAN KERR: To your comment just now on targeting marketing initiatives to certain areas, could you elaborate on certain areas that have been identified as wanting to be targeted?

PETER MACASKILL: We maintain a bit of a database of different clients and businesses that we've worked with throughout the province. We're able to identify the sector that they're in, so we would be looking at the advanced manufacturing, processing. When I say processing that includes agri-foods, seafood, various other kinds of processing that happens here in the province. We would target based on that.

THE CHAIR: MLA Lachance.

LISA LACHANCE: I will start with Mr. MacAskill as well. I'm wondering if you can walk us through the application process? Has the advisory committee stood up; how are they part of the process? Without a CEO being named yet, what happens in that role? We'd like to know a little bit about how the process runs through approvals.

PETER MACASKILL: The program was initially devised in 2018, and we took a lot of time at that point to devise the program guidelines. It's an eligibility-based program. The guidelines actually talk about what types of projects are eligible. As I mentioned, it's typically an investment in equipment, perhaps in enterprise software, different things like that that help your efficiency along the line.

[1:15 p.m.]

All of our regional business development advisers work very closely with the applicants to fill out the application - you can almost draw a line back to the guidelines. It asks if you are registered in Nova Scotia. It talks about the registration number, the type of activity it is that the project is, does it line up with what's eligible. They work through that, it goes through an assessment form, which a lot of it is a checkbox-type thing. There are a few spots for comments just to ensure that we know whether other funding has been received by that company, what their source of funding is, that sort of thing.

We want to make sure that the companies that apply have the ability to fulfill the project, which means financing primarily. It's a budgeted program, so we want to make sure that when somebody enrolls in that program it's actually going to be put in use. We don't want it to be held in case I get the funding, that sort of thing. That's all confirmed, and then checked as well. Then it goes through a compliance check, and then it's approved by myself and the deputy minister.

THE CHAIR: MLA Taggart. (Interruption) You didn't look at me so I moved on. Go ahead, MLA Lachance.

LISA LACHANCE: I was just taking notes, actually, to record what was being said.

Just to follow up in terms of the final decision for projects to be approved, does that lie with the deputy minister or with the minister?

PETER MACASKILL: The deputy minister is the interim CEO as well. He wears two hats. He brings it forward. There actually is a level, I believe, over which the minister will also agree to it - so if it's over a certain threshold dollar amount.

THE CHAIR: MLA Taggart.

TOM TAGGART: Well, I've got to say, gentlemen, when somebody comes to this committee and tells me they're spending 75 per cent of their money in rural Nova Scotia, they're my new best friend. I'm going to start off there with my favourite thing, which is agriculture. I'll tell a little story, I guess, and then ask you folks to maybe elaborate on what you're doing with respect to agriculture.

I have a farm in a community of about 300 people that does several million dollars a year in business. They saw a way to extend that season, and they went to Develop Nova Scotia - I think it was them at that time, I'm not sure - to enable them to help with this \$3.5 million or \$4 million total-value project, I think. A good piece I want to say here is that I spoke with them last week and they're actually doubling their production. They're putting in - this is over and above the facility - doubling their production of what they put in the ground and that sort of thing.

I guess where I want to go with this is, can you give us a little bit of an update on how much of that 75 per cent rural - is there very much of that into the agri-food business? Can you give us a little update on that?

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: Agri-food is actually one of the big categories of recipients in the program. I have a list of companies here. Agropur, which is in agri-food; Oxford Frozen Foods; den Haan; Scotian Gold; Totally Raw natural dog food; McConnell Gordon; Ocean Crisp; Ben Ecrin. There are a number of agri-food companies that have participated in this. I can comment on a couple, if you'd like.

Nova Agri is a very big farming operation in the Valley. They have a big onion production capability there. Part of the project that they put in was new state-of-the-art camera equipment in order to be able to find defects in the onions. They run it through this, and it's actually decreased the waste immensely for them. It's decreased a lot of cost.

What was happening was they'd be shipping it across the border. It would get stuck at the border because there'd be defects, different things like that, but they're able to pre-sort and do all of this, which has been a big benefit for them. The ancillary benefit here is that they actually provide that service to other farms in the area as well.

One of the things we did in the most recent change that we did - when we made it a permanent program, we commented on its ability to help with supply chain security. As we all know, when talking to our businesses across the province, supply chains can be difficult. So having someone local being able to help those other farms on that particular service has had a spillover benefit as well.

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: If I might add, Scotian Gold is another example. We've seen it with other apple processors where they've undertaken similar kinds of projects, where they've introduced a controlled environment. So they're controlling the level of CO₂, and they're controlling the level of oxygen. What that allows them to do is it allows them to maintain the quality of the product longer. They're shipping a better product with fewer defects - better revenues.

It's also extending the work inside the plants as well. Scotian Gold, in their first project, extended the packing time by 20 days by introducing this controlled environment. We've seen that in some other agri-food businesses as well.

THE CHAIR: MLA Palmer.

CHRIS PALMER: I would first like to thank my friend from Colchester, who elicited such great responses for Kings County. I thank him for that, because I was going to highlight the two projects in particular that you mentioned in your answers. Obviously the work being done through Nova Agri and Scotian Gold Cooperative - it's going to be a big benefit for a lot of producers that I represent in Kings County. I won't really ask specifically about those particular projects, because you've done a good job giving an explanation of what's being done there.

I have maybe a more general, broad question that you might be able to answer on a different level. Can you tell us about projects that support processing for important Nova Scotia industries? We talked about agriculture, seafood. What about forestry maybe too, those other primary industries? I can leave that question with either one of you.

PETER MACASKILL: Forestry obviously is an important sector, and we've dealt with a few different companies in the forestry sector. Some of them will be careful, because of softwood lumber agreements with the U.S., so they don't want to be seen to be getting incentives directly from government, but some of them who are in side industries, that type of thing, we have involved ourselves with.

One example is Lewis Mouldings, who you might remember had a big fire. They took the opportunity to step back and say, how can we really optimize what it is that we're doing at Lewis Mouldings? I congratulate them because I think they realized there were some things that they were doing, it doesn't make sense that we do it, there are other lumber mills or suppliers who could do that for us. They concentrated on the types of things that made sense for them.

They bring value-add to pine, a variety which traditionally would be looked at as lower value, but they're able to actually add value to it, put their moulding filling, gap filling, and they came with a gesso putty line - I don't get much more technical than that. They installed this line, and they were also able to upgrade their boiler at the same time. They were using propane, fossil fuel, and they were able to convert it to use some of the by-products, some of the waste from their own processes instead, so lowering the fossil fuel use that they're doing as well.

CHRIS PALMER: Just a quick follow-up, because in some of the answers you just gave about Lewis Mouldings, going back to a question about Scotian Gold. One of their particular by-products of their investment is that they're going to have a lot of savings of water usage. Could you just expand on that briefly there, just quickly?

SCOTT FARMER: I expect that we'll touch on the evolution of the program as the discussion continues. One of the changes that has been made to the program for this year was to include an enhanced sustainability component so that we're encouraging applicants to identify the benefits from an environmental perspective as well. The most recent Scotian Gold application through changes to their processing methodology will save four million

litres of water every year. The existing process was very reliant on floating the apples through the machinery. The new machinery doesn't require the same level of water consumption.

We see that in lots of other new applications as well. Oland Brewery, to use a Halifax example, was creating CO² as a by-product as part of its processes and was purchasing CO² as an input to part of its processes. The changes that it's implementing capture the CO² that's produced and reuse it in its own process, which is very significant in terms of CO² reduction, a million kilograms of CO² a year reduction by virtue of the change in the process.

THE CHAIR: MLA Sheehy-Richard.

MELISSA SHEEHY-RICHARD: I heard a little bit about forestry, so my peelers peeked up because I know that there was a purpose of combining the Forestry Innovation Rebate Program and the Small and Medium Innovation Rebate Program. Could you perhaps elaborate a bit more about the outcome of this decision?

PETER MACASKILL: Forestry evolved during a time when the industry, obviously, was going through some transition. Really, it was kind of a special project. It came out with a special budget, but it was largely the same program. What we did is take the factors from the Forestry Innovation Rebate Program, rolled it in, rolled the budget in, and did it through that. One of the Shaw companies, Eastern Embers, was the recipient of a FIRP, we used to call it - a Forestry Innovation Rebate Program. What we did is we just included that as part of the IRP collectively.

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: I actually had the fortune to meet the two owners of Maritime Labels and Packaging to find out that they're moving to East Hants and they're doing an over \$7 million capital investment to add equipment. Can you tell me what other ways that this program is impacting other businesses like Maritime Labels and Packaging?

PETER MACASKILL: I had the opportunity to meet them as well, and it's a great program. They do shrink wrap labelling for cans and different things like that, so it's another example where they're able to benefit other Nova Scotia processors and manufacturers as well.

We often hear from our clients across the province, if I need this type of thing, I need to order it out of this plant in Quebec, or I need to go down into a place in Wisconsin, and I'm the small person so I go to the back of line - that sort of thing. To have something like that local helps our local processors and manufacturers in bigger ways.

Another example of that would be Halifax Folding Cartons. They do boxing and whatnot. We actually ended up hearing from another client. It was kind of funny. We were going through the application process with them, and another client was talking about how they couldn't get boxes and stuff - well, hopefully we can solve that one for you. So this was a good change.

Another less traditional example - or maybe more traditional - would be Balamore Farm who do strawberry shoots. They produce 20 to 25 million strawberry shoots today, and they're looking to increase that to 40 million - would be their target by the time they implement all of this.

I think it's another example where the program is going to help those individual companies be more productive and competitive, obviously, but the side benefit for other businesses in Nova Scotia is also evident.

THE CHAIR: MLA Kerr.

CARMAN KERR: This program's been around for several years. I appreciate that there have been several iterations of the program - the minimum threshold at \$350,000. My concern or focus would be on those companies that barely miss that minimum threshold or are within \$100,000 or so of that threshold. What do we do as a department to cultivate those relationships, to onboard and support those companies, and ensure they may be successful in the next round?

SCOTT FARMER: As you can see, Peter and I are both ready to jump in here on this one, so I'll start and then I'll invite Peter to add.

This is a program that I would say has been a really good example of continuous improvement and adaptability over time. When it was first introduced as a pilot program, the band on it was between \$2 million and \$15 million in capital investment, so the minimum threshold was \$2 million to qualify for the program. With some experience, it was noted that there was a demand for smaller levels of investment, which led to the introduction of the small- and medium-enterprise IRP, so a version of the larger one that had a range of \$375,000 to \$2 million in capital investment. That was subsequently rolled into the combined permanent program that we have now.

On the creation of the combined program, we dropped the threshold a little bit further so \$350,000 is the minimum threshold, up to \$15 million. Above \$15 million, the Capital Investment Tax Credit comes into play. That's why that's the other bookend on the program.

With that in mind, we're always approaching this from a continuous improvement perspective. It's always valuable to understand how much demand there might be below that \$350,000 threshold. There is some other programming that exists to help support that,

but it's not in the same format as the rebate. The Small Business Loan Guarantee Program, for example, is something that's meant for smaller businesses making investments up to \$500,000, but it's got a different flavour than this.

[1:30 p.m.]

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: I was going to talk about the Small Business Loan Guarantee Program as an example. We have regional business development advisers all around the province. It's their job to sit down and talk to the clients to figure out, okay, what is it that you're trying to do? A lot of times we do have companies that will come to us - they'll hear about something and ask, how do I get that?

When the RBDAs - the regional business development advisers - end up talking to the business, it's a skill that they have to have. To be able to say, okay, what's the challenge, what's the barrier - that sort of thing. Then they can use that to marry it up to the right program that might work for that specific client. There are a lot of programs out there. We hear about the federal government coming in, that sort of thing. For businesses, it can be quite challenging to keep it all straight. That's our job at Invest Nova Scotia, and the regional business development advisers' job is to keep up to date on what these programs are.

ACOA is a good partner. ACOA does have something called the BDP program, which is another thing that we will refer some of the smaller projects to as well. Beyond that, we've got other smaller programs too that other companies do take advantage of.

CARMAN KERR: Thank you for that. I'm certainly aware of those other programs. Those smaller companies that don't meet that minimum threshold, they wouldn't have a dedicated position like the larger companies would, accessing those other programs. So I certainly appreciate the value of that business development officer or whatever the title may be.

The deputy minister mentioned that how much demand is under that threshold is critical. Do we capture that? Could you elaborate on how much demand there is under that threshold?

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: To be frank, I don't think we have a data point on that. It's the kind of thing that we would uncover through some of the interactions that our regional business development advisers have, and of course we work with the Regional Enterprise Networks around the province and have conversations about where are we seeing unmet

demand, where do we have unmet needs, and what are the implications of that for the existing programming that we have?

THE CHAIR: MLA LeBlanc.

RONNIE LEBLANC: I have a budget question. We saw in this last budget that the rebate program got an annual increase - an investment of \$12 million annually. I'm wondering how much of that has been spent. Maybe I'll just throw my follow-up in there. Do you feel that the program is adequately meeting the demands of the private sector right now as we go forward?

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: So we talked about the \$12 million - initially it was \$5 million, but it got increased and increased. We find we're always near or at that program cap. Because we do it three years out, we're working with our clients to find out when they think they're going to be finished. There's a little bit of art that goes into it along with the financing piece, because our fiscal year is March 31st. That doesn't always line up with a client's fiscal year, so we're talking to them all the time about when they think the project is going to end.

The way it works is that they have to fund it and it's a rebate, so it's afterwards. They have to submit a cost report to us, proving that they actually did it, and then the rebate happens. What we found out, and I mentioned earlier the supply chain issues - some of our clients are bleeding in because they get a delay: I had a lead on this piece of equipment, I just heard from the supplier it's going to be three months later, what can I do? It's not good for them either, because maybe they've got a season that they're gearing towards, that type of thing. They're playing with it.

So far, we haven't had to say no to anyone. There've been a few where we said, we're pretty full, tell us a little bit more about the project, and we try to work with them on it. Sometimes it's art just trying to figure out exactly how long the project takes, that sort of thing. I would hope that certainly the minister gave the program an endorsement by announcing it as a permanent program. If we grow the way that we want to grow, it wouldn't be for me, but we would certainly make a case for more money.

THE CHAIR: MLA Lachance.

LISA LACHANCE: In my previous question, I asked a bit about the process and you talked about the compliance process and the assessment process. I appreciate your comments about increased attention paid to sustainability measures and opportunities on those applications.

I'm also wondering about other parts of the assessment process. In particular, we had asked the minister earlier this year about incorporating gender-based analysis like the federal government does in all its programming in the decision-making of the department. The minister stated that she would take that back to the department and figure out what it would take to take that on.

Can you provide an update on discussions within the department about gender-based analysis, and if that will become part of the assessment process?

SCOTT FARMER: I would say that, as it relates to the IRP program in particular, that's not reflected in the assessment criteria today, but it's an evolving set of criteria around that. We're really focused on continuous improvements. That's perhaps an area where we could improve more substantially. As it relates more broadly to the work of the department, there's not a formal gender-based analysis process or rigour that's in place that's applied to programming, but that said, whenever we're looking at a program area or looking at a partnership model, that's part of the analysis that we undertake: are we getting to communities that have not been able to benefit previously?

For example, when we talked to Volta - whom we fund in part - about who's participating, who's getting the benefit of participation and all the services of Volta, we're very interested to make sure that there is a growing representation for female founders, there's growing representation for BIPOC founders, so that we're having an equity lens. Rather than a particular, well-formed approach around gender-based analysis, there is a broader equity and diversity lens that's applied.

PETER MACASKILL: I'll add to that. At Invest Nova Scotia, we have an export development executive whose main profile is to work with underrepresented groups. We can't compel businesses to give that information, but we do give them the opportunity to volunteer if they're from one of the groups, and women-owned businesses is one of them.

She helps with various different programs which enable those women-owned businesses and other minority-owned businesses to benefit through different things that are available for them - like certain supply chain procurements that are set up that help. She leads missions and participates in women in business missions and different things like that as well.

LISA LACHANCE: Deputy Minister Farmer, you talked about having an equity lens that's used. Would it be possible to share a copy of that with the committee?

SCOTT FARMER: I don't know that there's a written policy that we could produce and send to you. It's more a manner of working. But we can certainly provide some follow-up information to you.

THE CHAIR: MLA Taggart.

TOM TAGGART: You've partially answered this question, but I might ask you to elaborate a little bit. I'll give you a specific case, I guess. I'm curious to see the distribution of projects around the province, particularly in rural areas. I wonder if you could give us a - oh, I already asked that question. That's why I knew it was part of the answer. Sorry, guys. (Laughter)

What I really want to talk about here is, I was hoping you could talk a little bit about Invest Nova Scotia and your agreement with Coldstream Clear Distillery in Truro and a little bit about how that supports the economy of Colchester County and the surrounding area. Sorry - I'm just so excited to talk about stuff that's happening in Colchester County. That's what it is.

THE CHAIR: Who is that directed to?

TOM TAGGART: I will say while I've got the floor that this fellow here likes to talk about those big agriculture outfits . . .

THE CHAIR: MLA Taggart, who did you direct your question to?

TOM TAGGART: Mr. MacAskill, please.

THE CHAIR: Thank you. Mr. MacAskill.

PETER MACASKILL: The program allowed the company to begin co-packing to be competitive in the space. They're investing in brewing equipment, auxiliary production and canning line tools, and expansion of production and warehouse space, along with a bit of office space as well.

We have part of the guidelines talk about the fact - again, it's a capital productivity type of investment. We want to see at least 50 per cent of the project being directed toward machinery or software, but oftentimes, you need to knock a wall out or you need extra space and different things like that. So that's that one.

They expect to be able to increase their sales, probably by about 30 per cent, as a result of the project.

TOM TAGGART: I think they're pretty near at capacity now, aren't they, for that expansion?

PETER MACASKILL: Yes.

TOM TAGGART: Thank you. I have no follow-up.

THE CHAIR: MLA Burrill.

GARY BURRILL: Mr. MacAskill, you mentioned in your introductory remarks about the part of community economic development in the mandate. We had noted previously that it's in the legislation in a way that it wasn't for the predecessor organization. I wonder if you could comment - whichever of you it would be appropriate to - about what's being done in the program to give effect to this priority at the moment, and what the plans are for integrating this priority into the work.

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: It is new language in the legislation. It wasn't there before in the former NSBI legislation or the Innovacorp legislation. It's deliberate that it's there, and is meant to signal an increased focus on community economic development.

If you ask a dozen people to define the term "community economic development," you'll get a lot of different answers. We've been recently having discussions with the CEOs of the Regional Enterprise Networks, who are in the business of community economic development, and we heard a lot of different perspectives on what it means.

From my perspective, what I would offer is that it's really about making sure, number one, that we're spreading the benefit of the economic prosperity we have in Nova Scotia to all the communities in Nova Scotia. That's at a macro level. I think from a practice perspective, many would define it as working with communities, so that you have plans that are built at a community level based on the unique assets of that community.

[1:45 p.m.]

When we think across the board, one of the most significant things that we can do to enable economic development in any community in Nova Scotia is to enable the infrastructure with highspeed internet. Through the program that's been under way for a number of years, the Internet for Nova Scotia Initiative - now run by Build Nova Scotia - will be at about 97 per cent coverage in the province. When the independent project in the Municipality of Pictou County is complete, we'll be at 99 per cent coverage. In addition to that, anyone anywhere in the province now who doesn't have service can get satellite service and receive a rebate for that.

There's some cross-cutting enablers that exist to enable economic development across the province. Programs like IRP, we've seen create opportunities in rural Nova Scotia. They create opportunities for employment. They create opportunities for local supply chains. When den Haan Greenhouses is able to employ people year-round versus seasonally, that's certainly good for the community of Lawrencetown.

The Nova Scotia Regional Enterprise Networks that we work with - they work directly with municipalities that don't have full provincial coverage with the RENs. They work closely with municipalities and their local communities to understand what the unique opportunity is, what the unique advantage is that we have here.

Peter talked about the regional reps that we have for Invest Nova Scotia around the province - getting to know businesses, getting to know their challenges, helping match them to the programs that exist.

We support an innovation ecosystem around the province as well. That includes Ignite in Yarmouth and New Glasgow; Verschuren Centre in Sydney, who was here not that long ago; Propel, which is virtual and supporting companies around the province; Futurpreneur; and others that have an impact at a local level.

Can we do more? Absolutely. Can the reach of Invest Nova Scotia be further? Yes, it can. Can we work with our regional partners to make sure that we've got an inventory of opportunities and some new tools to seize them? We absolutely can.

Doing the legislation, I would say that it perhaps hasn't been a focus at the same level for some time, and it's signalling a renewed focus on community-level economic development. I would say this about the minister: she comes from that environment prior to entering government in her own community, and is passionate about it.

GARY BURRILL: I think for a lot of people, when they see community economic development as part of the mandate, they would interpret that as what you have spoken about - a general enhanced emphasis on things that have to do with community. They would also see it as an increased openness to applications, projects from community economic development types of configured enterprises. Would they be right to see it in the second way as well?

SCOTT FARMER: I'm glad you mentioned that. One of the changes that's occurred recently was the Invest Nova Scotia board was disbanded, the legislation was changed, and it was renamed the Community Economic Development Fund Act. So what had been the Invest Nova Scotia Fund is now the Community Economic Development Fund, to signal that focus.

Historically, it wrote some larger cheques to a number of organizations. What we would anticipate going forward is that fund will have a more significant community-level focus and will probably be more, smaller contributions than some of the large ones that had been made in the past. In the early days, there was \$2 million to propel ICT, as an example. We wouldn't anticipate seeing that again. There are other avenues for those sorts of things.

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: Being the MLA for Hants East, a lot of the people who work at the airport live out by me. I know that Pratt & Whitney has a \$12 million expansion that they're working on to streamline and not only just double their 50,000 blades a year but also to decrease their energy and Green Fund.

My question is with respect to the projects already approved: Can you share some examples of those that would be the implementation of green technology in the province? I'm not sure which one, Mr. Chair, wants to take a stab at it. They're both looking for notes.

THE CHAIR: I'll wait for a wave. Deputy Minister Farmer is ready.

SCOTT FARMER: I'll start and I'll let Peter flip a couple more pages. Since we've introduced the new changes to the IRP to have the sustainability lens, virtually every project that's come forward has been able to demonstrate some benefit, whether it's an energy efficiency perspective or a waste reduction perspective. I'll mention some of the examples.

Acadian Seaplants is an IRP recipient, and the current project is going to help eliminate 180,000 kilograms of waste through the process. We talked about Balamore Farm. Part of their program will improve their energy efficiency between 20 per cent and 40 per cent. Real savings, real greenhouse gas emission reductions.

We touched on Scotian Gold and the water savings that will go along with that. There's another project at Oxford Frozen Foods that will reduce CO2 emissions and increase energy efficiency by replacing gas burners to get to high efficiency levels. Significant impacts from a GHG impact, which is certainly important to us under the Environmental Goals and Climate Change Reduction Act. We've got aggressive targets there. Good from a company perspective in that it's increased productivity and savings.

We're seeing more and more the dovetailing of what's good from an economic perspective and what's good from an environmental perspective really aligning to a much greater degree.

PETER MACASKILL: I'll just add that we're constantly trying to measure what it is and what the outcomes are that come from the program. Probably about two and a half months ago, we took a look at the assessment forms that came, and in the assessment form we categorized the green initiatives and what the outcomes are as stated by the proponent in their application.

At that time, there were 31 projects that had been approved. Thirty of them actually had a sustainability type of thing, and we categorized it in seven different ways. Twenty-two of them thought they would have increased energy efficiency. Oftentimes when it's an automation implementation that the company's doing, that's one of the big things they're looking for.

Nineteen were reducing waste, 18 were reducing greenhouse gases, four reducing water consumption, six more sustainable use of natural resources, one was a waste-stream processing, and three were integration of renewables. That adds up to more than 30, because some of them are hitting more than one category.

JOHN A. MACDONALD: Just a comment, Deputy Minister Farmer. I think it's great, because we need to make sure that we're investing in a business because they're aligning with green and sustainability - versus 30 years ago when it was always just about where the bucks were. I think it's great that all those are aligning so that they're not hurting each other. Thank you. That's it.

THE CHAIR: MLA Palmer.

CHRIS PALMER: During the COVID-19 crisis, we saw a lot of concerns about the vulnerability of supply chains and how we're positioned as a province. You've mentioned a few projects today, and maybe you could expand on a few more, about how the program has been supporting the department's efforts to strengthen those supply chains and enable for more production. I know in my area, a lot of pork production was taken out of the province. Can you talk a little bit about how some of the program will have helped supply chains and enabled more production?

PETER MACASKILL: So there's one specific example: Made with Local, the ones who make the bars with local products. They had been growing - it's a great product - and they were doing really well. You see them at some of the major retailers. They were contract outsourcing some of their production into Ontario. They were producing in Ontario, this bar. It wasn't necessarily core to the way they wanted to do it, but they made it work. They weren't abandoning their core, that's for sure, but they wanted to do it in house.

With the IRP, they were able to actually increase capacity here in Nova Scotia and do it here. What that did for them - again, when you're contract outsourcing, you're at the mercy of your outsourcer, back of the line, that kind of thing. They were able to take control of it and do it in house.

A couple of the other bigger announced manufacturers, as well, were doing outsourcing work - some of them into Ontario and Quebec - and they were able to do it inside. What that does from their perspective is ensure a security of supply.

THE CHAIR: MLA Kerr.

CARMAN KERR: Both the deputy minister and the COO referenced the importance of our business advisers. When you look at the application for the program, it mentions to contact your business adviser, your local rep for the application. I can't help but notice that the business rep who represents my region, and that of my colleague from Kings West, is covering six or seven different areas. Other reps are covering two areas.

Is that something that I'm maybe putting too much thought into, or is it something that's been acknowledged by the department and may be addressed, hoping that there's better coverage in our areas by another position, maybe?

PETER MACASKILL: A few things at play there. One is there's some natural attrition that happens. We backfill, and sometimes we call upon the Regional Business Development Advisor to cover two regions. Sometimes it'll say that the person - whoever it is - is covering these counties, that sort of thing, but they will sometimes call on another RBDA to step up if it happens to be close to them as well. We did have a few, I'll say, personnel things, as well, that we had to adjust around.

THE CHAIR: MLA Lachance.

LISA LACHANCE: I wanted to just acknowledge that you're here today about the business of the IRP and Invest Nova Scotia's continuing during a time of transition. I'm wondering if you could provide an update on the recruitment process for the CEO and for the advisory board for Invest Nova Scotia?

SCOTT FARMER: As it relates to the CEO position, not yet named. There's been a process that's been under way. That is a Governor-in-Council appointment, as per the legislation, so it will follow a process with Cabinet to be named.

The advisory board will be advertised as part of the agencies, boards and commissions process. I think you can anticipate that there'll be a high degree of alignment between the parameters for the Invest Nova Scotia board, the Build Nova Scotia board, and the Perennia advisory board. All of the advisory boards will have a similar set of parameters - not yet advertised - for those positions.

LISA LACHANCE: Is there a deadline to have the guidelines for these advisory boards constituted and advertised?

SCOTT FARMER: There's not a deadline specified in the legislation. We would anticipate that early in the fiscal year when that would be under way. Under the legislation that was announced in July last year, the new organizations came into existence on December 1st, when the legislation took effect. There have been a number of start-up activities, as you can imagine. These are things that happen in the background: aligning accounting systems, websites and phone numbers, email addresses, and all those variety of things.

We're working through all of the integration activities, but that's one of the important ones that you can anticipate, I think, early in the fiscal.

THE CHAIR: MLA Sheehy-Richard.

MELISSA SHEEHY-RICHARD: When we talk about the Innovation Rebate Program becoming a permanent fixture, can you elaborate a little bit more on the rationale behind that decision - for all of the good reasons that we've already talked about - but the rationale behind it definitely becoming a permanent fixture?

[2:00 p.m.]

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: I think it's certainly based on the experience that we had with the IRP, introduced as a pilot and a bit of a unique program. There are not a lot of programs like it across the country. There are tax credits, but not a lot of things like the Innovation Rebate Program in too many jurisdictions.

It was wise to introduce it as a pilot, I think, and assess the impacts. It was developed based on consultations with Nova Scotia businesses and a clear need that we have in Nova Scotia to incent investment in capital expenditures. We lag the country in that regard.

We have some forward-looking metrics. We had a study done working with Finance and Treasury Board in July 2020 and updated in January 2022 that talked about the impacts, and they're substantial, in terms of the matched capital investment that went along with it. It is a 25 per cent rebate, so for every dollar of rebate there's \$3 of private investment that's going in.

Significant impacts - I'll try to put my finger on the number here in just a second. In terms of the GDP impacts, the employment impacts, the revenue for the Nova Scotia businesses, and more recently, with the layering on of the sustainability measures, helping us to achieve our aggressive environmental goals that we have in the province.

I'll give you the go-forward on the 31 that have been approved under the new program. It's \$32 million in projected rebate, supporting \$130 million in overall capital investment. Based on the applications, the forecast is for 700 incremental employees over five years from the project's start, and increased revenues of about \$700 million for those 30 companies over that period of time.

They sound like big numbers in a lot of cases, but when you talk about doubling production capacity, for the companies that are fortunate enough to have that demand and the limiting factor is their own production capacity, you can unlock a lot of new revenue in these organizations quickly by enabling that kind of capital investment.

That's really the rationale for that supported by a Finance and Treasury Board study as well that was backward looking. The numbers would be similar in scale. We tried it. We iterated it. It worked. It's important for us to continue to iterate and continuously improve as we go forward.

THE CHAIR: MLA LeBlanc.

RONNIE LEBLANC: My question was partly answered already by MLA MacDonald's question, but I'll try to dig a little bit deeper around the balance between business interests, the economy, and the environment.

As you assess these applications or the businesses come forward, how do you balance that out? Are there cases where you approve an application just solely based, say, on meeting the climate goals, or are there specific cases where it's so important to the economy that you feel that - it's a tough balance, I realize. I don't know if you can elaborate on that.

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: Perhaps I can answer more generally and then invite Peter to talk a little more specifically about the evaluation process. For a period of time, I was the Deputy Minister of Economic Development and the Deputy Minister of Environment and Climate Change simultaneously. There was a day when those would have been roles that were constantly finding themselves in conflict. One of the things that I took away from that is, there was much more synergy than there was conflict. It would not have been true 20 years ago.

Part of that is because what's expected in the market today. If we think about one of our largest and most significant contributors to our economy in the province, Michelin, who have been here for 50 years. They have some very significant, really aggressive environmental goals. To do business with Michelin - and most businesses would be happy to be in a position to have Michelin as a client - they have expectations of their vendors. Even if a business for its own purposes is not interested in being a better environmental steward, they have an interest to do that for economic reasons.

Similarly, down the line, I know from conversations, Mercedes has expectations of Michelin. If they're going to supply tires to Mercedes, they're going to need to meet some requirements as well. It exists on a large and a small scale. When we had the Verschuren Centre here, we heard about companies that were supplying the cosmetics industry with products that were plant-based instead of petroleum-based, and that was because these cosmetic companies were insisting on that.

We're seeing much more of a pull for some companies, but certainly, a really strong alignment between what's good from an environmental perspective and what's good from an economic perspective. As it relates to this specific evaluation, I'll let Peter touch on that.

PETER MACASKILL: I'll try to get the balance piece of your question. The evaluation criteria in our guidelines actually does talk about the project being aligned to the Province's Environmental Goals and Climate Change Reduction Act, so it's written in.

In the application itself, we do ask a very specific question on whether or not the project will support more sustainable prosperity in Nova Scotia. We talk about different ways that it could do that, to bring it out in the application: cleaner sources of energy; increased energy efficiency; more sustainable use of natural resources; reduced waste; value added to existing waste streams; and to outline it.

Then we go into the assessment piece, and I'll say there are a couple of mitigating things around it. First and foremost, as Deputy Minister Farmer said earlier, it's a 25 per cent rebate, and as I mentioned, it's a rebate after the fact - so the company needs to finance it and be on the hook for 75 per cent of it. That business piece is taken care of in that. They need to be able to either have the cash or get financing in order to be able to do it, and then we go through the assessment piece. It's almost like you need to be able to get to that point first, and then we kick in the assessment.

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: I'd just like to know, with the merger of Innovacorp and NSBI, how did that impact the administration of the IRP?

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: In the program, we're actually up to almost the one-year anniversary of when it was reintroduced; it was early March of last year. I'll say that at that point of the merger, the program was very healthy. The regional business development advisers were quite busy working with proponents and business owners around the province in order to be able to do it.

From an administrative perspective, we didn't miss a beat; we kept going on approving. It's a compliance-based, eligibility-based program, so it was pretty simple to say yes. It's continued to make recommendations, continued to check them for compliance, and make sure that they were approved. All while that's happening, we continue to pay on existing ones.

THE CHAIR: MLA Palmer.

CHRIS PALMER: In our conversation this afternoon, we've heard about projects with clean technology and around climate change goals. We've heard about projects, united culture, fisheries, forestry. It just brought to my mind that there would be good collaboration, I'm assuming, with different departments in order to get information.

I guess I'm wondering if you could maybe speak to this, Deputy Minister, or Mr. MacAskill, you can chime in. Do you have collaboration working with other departments in evolving some of these other sectors? I'm just curious about the collaboration, working together.

SCOTT FARMER: I would say that one of the important value propositions for the Province of Nova Scotia is that we are large enough to have sophisticated assets; we're small enough that we can act nimbly and we can work together on things. I'd say we have a high degree of collaboration across the departments.

As an example, we've got an unprecedented opportunity with green hydrogen in the Strait area, and we've got a regular deputy ministers group that gathers on green hydrogen to make sure that we're collectively moving in the same direction and taking the steps that we need to address regulatory barriers and otherwise.

Similarly, when we talk about support for some of our largest and most significant employers in the province - whether it's Michelin or Acadian Seaplants or others - we're often coming together to talk about who's got what in terms of helping them get to the next level. It could be around the investment tax credit, it could be around the IRP, it could be around helping with Labour, Skills and Immigration Needs.

There's a high degree of collaboration and a high degree of referral. If you're in the Department of Agriculture working with an agri-food producer about their plans, they're well connected into Invest Nova Scotia to be able to talk about what programming might be available to them.

THE CHAIR: MLA Burrill.

GARY BURRILL: I wanted to go back to Mr. Kerr's point earlier that larger corporations typically have a dedicated person - sometimes a dedicated department - for thinking of all the accessing of all these kinds of resources, smaller and medium-sized enterprises so much less so. We know that the current program has brought into itself some predecessor programs that had pretty sharp criteria for the access of small and medium-sized businesses, but that, now, the smaller farms are competing into a pool which is shared by the larger firms as well.

This surely is going to require some special attention to see that small and medium-sized businesses have unimpeded access to the resources. I wonder if you could speak about what steps the program management is taking to see that this is taking place.

PETER MACASKILL: With small businesses in general, we do have a number of programs which help them out. On the export side, there's the Export Development Program which is a 50 per cent program for removing barriers from export, which could include travel into market, marketing materials, specific certifications that might be required for a company if they're exporting. Let's say they produce it for the North American market but need to go to Europe. They may need the European certification - that type of thing.

[2:15 p.m.]

We have another program called the Productivity and Innovation Voucher Program, which is really for the small sort of young, often start-up type of company, who have an idea, or maybe it's something that they used on their farm that they know has worked, but they don't have the science behind it in order to be able to back it up. How it works is that it gives access to the research institutions around the province: the universities, the community college network, Perennia, Verschuren Centre. It enables them to get direct access. Our agreement is actually with the institution. We pay the institution in order to provide them with the backup that's required in order to help the companies.

We have a number of workshops that we do based on client feedback - what is it that our clients require? We've got a couple - back to export - of specific programs. One is called TAP, which is the Trade Accelerator Program, which is a series of modules that help companies get through. There's another one called Launch Export, which is for companies that haven't yet exported. It gives them the tools to be able to go into it, and we finish it up with a trade mission.

Deputy Minister Farmer mentioned before - and I commented on this in my opening remarks - about how we work with our partners in the region. We're often working with various partners in the region. There's a bit of a collegial referral sort of process that happens. Deputy Minister Farmer mentioned the RENs. We would work closely with the RENs on various things. Sometimes there's an economic development officer at a municipality. Different things like that.

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: Mr. Burrill, it's something I pay attention to as well: Are we getting a good mix of companies that come through?

One that really struck my attention was an announcement that we did at the end of November for Rousseau Chocolatier. They're in HRM, a smaller IRP by the IRP standards, doing a \$370,000 investment and qualifying for a \$90,000 rebate. In some cases, we're talking about \$3 million rebates. In this case we're talking about \$90,000. It's allowing them to increase their production by 200 per cent.

The size is something that we'll continue to monitor - are we getting a good spread? The IRP dollars go farther. We can affect more small companies than we can larger companies with the associated larger investments.

I will note that for the largest companies, who are making really substantial investments - over \$15 million - the IRP isn't the program that will apply. That will be the Capital Investment Tax Credit in most cases.

GARY BURRILL: Just a bit more specifically, what steps might you take in the administration of the program in order to provide that oversight? To see that, in fact, that access was being provided, other than just keeping a general eye.

SCOTT FARMER: We've got some regular reporting that takes place on IRP. I think we've got a breakdown, Peter, somewhere in here that sort of breaks it down by company size. Rather than just sort of "Oh, that was a good example" on a regular basis, it's looking at what's in the mix and seeing what we might need to do differently from a promotional perspective or a program design perspective, to ensure that we're getting an equitable mix.

THE CHAIR: Just so you know the time, we have about 40 minutes left. I have MLA Sheehy-Richard next - the only one on my list.

MELISSA SHEEHY-RICHARD: I just want to know if you could speak a little more about how the program supports rural businesses. More specifically, in regard to the attraction and retaining piece of what some of these projects perhaps could do for more rural communities?

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: Processors and manufacturers, again, tend to be more on the rural side. One of the big benefits that we see from this - everybody knows there are labour constraints and whatnot in all parts of Canada and in all parts of Nova Scotia, and a lot of times companies are looking and saying, I've got this process, I need a lot of people, that sort of thing. What can I do to actually address that? You implement an automated process, could be a robotic process, Industry 4.0, different things like that, and that works really well.

What we heard our entrepreneurs and businesses coming back to us and saying was: When I did it, I upgraded my machinery, and that's actually the machinery that new graduates and the people whom they want to try to attract and retain are actually trained on. It became a bit of something that they were able to go to the new prospective employees to say, this is the type of machinery that we use, so that helps them and makes them more sustainable.

These businesses really need to be sustainable in order to be retained there. If you're not investing, you're falling behind. That's what helped on that front.

THE CHAIR: MLA Taggart.

TOM TAGGART: MLA Sheehy-Richard stole part of my question. I have to go back to the fact that it's no secret I'm very passionate about rural communities, and we're

75-25. I point out that \$10 million invested in a community of 400 people, the impact of that compared to the impact in Halifax that has 50 per cent of the population.

Anyway, how does \$130 million in development impact a community - in particular smaller communities - not only in the construction phase but long term over the years? Can you speak to that long-term development? Do you guys keep those kinds of statistics projected over time?

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: For the 31 under the new program, when we look forward, \$32 million in rebate, but \$130 million in private investment, we anticipate will be about 700 incremental employees over the next five years. We've got the backward-looking data here as well that I can put my finger on probably in a minute or two for you from the study that we did, where we had some actual reporting on the pieces that were complete.

On a base of 37 projects, increased employment in person years, so you can divide that by 30 if you want to make it a full career for someone: 3,600 in 80 person years of employment. When you include spinoffs, \$467 million in labour income and over 9,000 person years of employment.

Obviously, the construction phase is always going to draw in certain resources, but what we're seeing is, in these cases where it's opening up a new market or it's doubling production capacity, what it's bringing is significant ongoing employment as well in the organizations. We've also heard, with automation, oftentimes the jobs that are added are technical jobs, jobs that are paying at a good wage. There are some trades that come along with it and all the rest of it.

I think there was a time when there was a fear that automation was going to supplant jobs. What we're seeing is, in a lot of cases, it's necessary because the workforce isn't there. In other cases, it's actually creating well-paying jobs that support the increased automation that exists in these facilities.

THE CHAIR: Mr. MacAskill.

PETER MACASKILL: I'll just add to that. In my opening comments, I had mentioned Louisbourg Seafoods, and they had an initial smaller program which they saw the benefit in, and then they had longer-term projects that they had put in place. Part of the feedback they gave to us is they were modeling out for 15 years of efficiency and how this investment was going to improve over that long run. You can see the long-range planning that a project such as this, all of them, would entail.

THE CHAIR: MLA Burrill.

GARY BURRILL: One thing about Invest Nova Scotia that's a strong concern from the outset, as I'm sure you're aware, is the matter of transparency and accountability in the absence of an independent board. That's pretty large amounts of money being spent without that kind of hand on the wheel that an independent board might provide.

Can you speak to what kind of mechanisms are in place to see that, in fact, these funds are being spent in the way that they need to be spent? So the kind of checks, the kind of oversight that an independent board in other situations could be expected to provide.

SCOTT FARMER: I'll begin by saying all of the programming that exists is supported by operating guidelines, detailed policy. Peter described some of it as it relates to IRP today, but that would exist as it relates to other programs - whether it's the Productivity and Innovation Voucher Program or payroll rebate or otherwise.

In 2014 or 2015, the Accountability in Economic Development Assistance Act was introduced. That requires that every instance of economic development assistance is published in summary format. Government's accountable for those decisions, and they are transparent in terms of who's received it, what's the amount, what's the basis for it - whether it's a payroll rebate or IRP, or otherwise. In that regard, it's transparent. The Crown corporation is subject to audit to ensure that the processes and financial processes are in order.

I would say that the application, if we use IRP as an example, is pretty much objective eligibility-based. The issue becomes the availability of budget and time, as Peter had mentioned. Somebody applying to do something next year may be prevented from doing it in terms of available budget, but they might be able to exercise that in the following year, as an example.

PETER MACASKILL: I'll just follow up. On our website, there's a disclosure list. I think within 30 days of a signed agreement, we put it out on that website right away. From transparency, certainly, it's out there all the time as to what it is that people who have availed themselves of the program.

GARY BURRILL: I guess I'm thinking not so much just about transparency after the fact, but the kind of oversight in advance that prevents poor judgment and the disbursement of funds that we have - that is the purpose of independent boards.

In the absence of an independent board in this case, what are the mechanisms by which, decisions that would lead to poor judgment in the disbursement of funds are being headed off in advance?

PETER MACASKILL: I think for the IRP, as I mentioned earlier, it very much goes back to those initial guidelines. We would have developed the guidelines in consultation with industry, certainly the board, certainly with the minister and Cabinet,

because it would have required budget approval at the time. We would have taken care on that right from the get-go.

[2:30 p.m.]

When the applications come in, we have an internal compliance group who go through each and every one of them to ensure that it does match up with what the program guidelines stated originally and that the application hits on it. From a program perspective, it flows quite simply, because of the eligibility criteria.

THE CHAIR: MLA Kerr.

CARMAN KERR: Someone mentioned the budget increase to the program by \$12 million. Has that program been fully subscribed in this fiscal year? If not, could you let us know maybe what amount is remaining?

PETER MACASKILL: It's pretty much full, and I would say into next year we're close to full as well. That's not to be unexpected for a program such as this, because it's not deemed earned until after it's complete, and it takes some time to complete a project.

What does happen is a project will slip. We talked about the supply issues earlier, so sometimes at the end of the year when we do our financials, when they're audited in April-May, you will find it somewhere less than \$12. We already know that clients have told us some will slip, but nobody is coming to us right now and saying, I've got a project that's going to finish in the next month. It would be pretty much impossible to be able to get something that's at least \$350,000 out by that point in time.

CARMAN KERR: Knowing that the program is subscribed to fully or almost, a quick scan of companies this year - I won't name the company - but it looks like there's one that's applied for two applications, been rewarded a rebate of \$1 million-plus, another rebate of \$1.5 million. Seeing that one company has been rewarded twice, does that negate or prevent another company from applying to the program this year?

PETER MACASKILL: It hasn't. We've been able to meet demand thus far.

THE CHAIR: MLA Palmer.

CHRIS PALMER: I'd like to maybe just go back to the labour topic for a second. You had mentioned, Deputy Minister Farmer, there are job opportunities that will be created from the program, whether it's employment opportunities to do the automation. We obviously know that there's going to be a broad mix of types of opportunities. Can you maybe drill down a bit more, elaborate on the types of employment that will become more available through the program investments?

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: Not an IRP client, but an innovative company in Nova Scotia, in Chester, is Sustane Technologies. They manage waste for the municipality. They do it in a different way than exists anywhere else. Waste management in a lot of places involves a lot of manual labour, it involves turnover of staff, and probably above-average occupational health and safety considerations.

At Sustane, they've got an automated process. There's somebody driving a front-end loader who's putting the waste in, it's running through an automated process, waste separation at the end. There are products that are recoverable from it. Most of the operation is from a control room. The folks working in that particular environment are NSCC grads earning a good wage, working on the computer to manage the automation. In a like facility elsewhere, there's a lot of manual effort that's under way. We know that in just about any industry in the province, but more so when we're talking about lower-wage industries, there are job vacancies and they're hard to fill.

A model where we've got increased automation will often call for fewer people in a more manual position and more people who are operating equipment. It could be trades, it could be specialized training, it could be people who are working on the floor in a labour-oriented job who get trained to use the new machinery, so there's an upskilling and an increase in their opportunities as well. That's what we anticipate to see from increased capital expenditures, increased automation and productivity. In fact, we would anticipate that the labour problem won't go away.

As our economy grows - we've known for a long time that we've got an aging population. Immigration is an important part of the equation for us, but automation is an important part of the equation as well, to make sure that these businesses can continue to be productive without relying on an endless supply of labour that we know won't be there.

PETER MACASKILL: I'll just add a couple of examples to that. A.F. Theriault & Son was actually the very first IRP client - a shipbuilding operation you're probably familiar with. They added some capacity on their marine railway that enabled them to maneuver so they could do more than one ship at a time, that type of thing.

They knew that skilled trade in particular, but skilled operators would be something that they'd require. So they actually teamed up with NSCC, and they have an in-room training centre in their facility because we are finding more and more, because of the nature of the investments that are being made, it's upskilling the operators. Skilled trades, yes, but also skilled operators - learning how to go from a more manual welding machine or whatnot, moving up to something that is more automated, like CNC machining, that type of thing.

Another good example is Aerotec Engines. They've been a client of ours for a number of years. They actually came in through an export program - one that we weren't expecting. They came in and they put a really thoughtful process into it. They rehaul and fix small aircraft engines. They ended up going into the northeast U.S., and I think they've got 70 per cent of the market down there now for the types of engines that they service.

They came to us for IRP. They had, in the interim, done a lean management program, and they identified a bottleneck in their process around testing. They had the ability to do one engine per day during working hours. They bought a new testing cell, which enabled them to do up to four engines over a 24-hour period, and also segregated so that the noise pollution within the operation was lower for other people in the shop. This project is expected to add 22 FTEs, so you're talking mechanics, quality assurance, testers, that kind of employment.

THE CHAIR: MLA Lachance, with just under two minutes left.

LISA LACHANCE: I'll ask my question quickly then. You talked about the program being pretty much fully subscribed this year, well subscribed for next year. How many applications have you received in total this year and for next year? Is there an unmet demand?

PETER MACASKILL: I think we've approved something like 35 applications that we've processed. We've got a few others in the pipeline that we are working through. We haven't had the issue where we've had to say no as of yet. A lot of times, companies will come in and they'll have big plans. They'll want to do a project, get moving, and then the big order happens, and they get distracted for a little bit of time.

Anecdotally, I've actually gotten comments that us having that deadline in the agreement has been good for them because it means they have to stick to the agreement in order to get it done and reap the reward so that the project doesn't fall off.

THE CHAIR: There are 20 seconds left, so I would call it at this point. Do either of you have closing remarks?

SCOTT FARMER: Nothing extensive, just to thank the committee for the opportunity today. We really appreciated the opportunity to be here to talk about IRP.

PETER MACASKILL: Likewise, thank you. I really do mean, if there's anyone in your constituencies, please don't hesitate to reach out to us if you think that this program would be a benefit to them. We'd love to hear from them.

THE CHAIR: On behalf of the committee, I get to thank you for coming in. You've given us lots to think about, for sure. You've given us a lot of information - a lot of hope,

actually. I'm quite happy to sit here and have the opportunity to sit and listen to you both speak.

At this time, I can ask you to leave the meeting, if you wish. Do we want a five-minute recess, folks? Okay, a three-minute recess.

[2:40 p.m. The committee recessed.]

[2:44 p.m. The committee reconvened.]

THE CHAIR: We're now back in session. For committee business, we have two pieces of correspondence. One I just have to clarify, that's all.

We did receive correspondence originally that Mr. Thom Oulton of Chicken Farmers of Nova Scotia was not going to be present. I guess there's been a change. He is still available for the next meeting. That was just some back-and-forth. I know we received that, but I just wanted to clarify that he will be here, so there's nothing for us to do on that one.

The second piece of correspondence that we do have to deal with is the Nova Scotia Federation of Agriculture's Tim Marsh is no longer president. The organization has asked that the new president, Allan Melvin, take his place.

Is it agreed?

It is agreed.

The next meeting was March 28th. As you know, the House will be sitting then, so that is cancelled until May or whenever the House rises again. The tentative topic is challenges in the agricultural sector. The witnesses, of course, are also tentative: the Department of Agriculture, the Nova Scotia Federation of Agriculture, and Chicken Farmers of Nova Scotia. I only give you that as information that that's most likely what the topic will be. It's not confirmed yet. I just want to make sure you guys know that.

With no further business, that concludes the business for today. The meeting is adjourned.

[The committee adjourned at 2:45 p.m.]