

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE ON NATURAL RESOURCES AND ECONOMIC DEVELOPMENT

Tuesday, November 28, 2023

Committee Room

**The Impact of Inflation and Labour Shortage
on Nova Scotian Businesses**

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**NATURAL RESOURCES AND
ECONOMIC DEVELOPMENT COMMITTEE**

John White (Chair)

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Hon. Iain Rankin

Ronnie LeBlanc

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Lisa Lachance

[Dave Ritcey was replaced by Tom Taggart.]

[Nolan Young was replaced by Larry Harrison.]

[Ronnie LeBlanc was replaced by Lorelei Nicoll.]

[Lisa Lachance was replaced by Susan Leblanc.]

In Attendance:

Tamer Nusseibeh
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Atlantic Chamber of Commerce

Brandon Ellis, Senior Manager of Policy

Canadian Federation for Independent Business

Duncan Robertson, Senior Policy Analyst, Nova Scotia

Department of Economic Development

Scott Farmer, Deputy Minister

Department of Labour, Skills, and Immigration

Ava Czapalay, Deputy Minister

Mike Milloy, Manager: Research and Analysis, Corporate Policies and Services

Invest Nova Scotia

Peter MacAskill, CEO

Wanda MacLean, Business Development Advisor, Cape Breton



House of Assembly
Nova Scotia

HALIFAX, TUESDAY, NOVEMBER 28, 2023

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

1:00 P.M.

CHAIR
John White

VICE CHAIR
Dave Ritcey

THE CHAIR: Order. I call this meeting to order. This is the Standing Committee on Natural Resources and Economic Development. I'm John White, the MLA for Glace Bay-Dominion, and the Chair of this committee. Today we'll hear from presenters regarding the Impact of Inflation and the Labour Shortage on Nova Scotian Businesses.

I'll ask you to turn off your phones or put them on silent. In case of an emergency, I'd ask you to please go back out the same doors we came in, and we'll make our way up Granville Street to the Grand Parade.

I'll now ask committee members to introduce themselves for the record by stating their name and constituency, starting with MLA Taggart.

[The committee members introduced themselves.]

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

I'd like to welcome the guests today. I'm going to ask you to state your name and introduce yourselves, starting with Ms. MacLean on the right.

[The witnesses introduced themselves.]

THE CHAIR: I understand a couple of you have opening remarks. I'll start at my right and see who has them. Deputy Minister Farmer.

SCOTT FARMER: Good afternoon, Chair and committee members. Thank you for the opportunity to be here today to contribute to today's discussion on the impact of inflation and labour shortages on Nova Scotia businesses.

I'd like to start by acknowledging that Nova Scotia's economy only exists in the context of the Canadian and global economies. With the inflation and rising interest rates we're seeing nationally and globally, those impacts are certainly being felt here in Nova Scotia too. Unfortunately, it does make it harder to do business. At the Department of Economic Development, we have a very close working relationship with the business community, and have an ongoing dialogue about challenges and opportunities. A lot of recent discussion has centered on two main concerns. The first is access to labour, and the second is CEBA repayments to the federal government.

When it comes to addressing the labour shortage, we know there's no one solution. That's why at the Department of Economic Development, we've been working closely with our Crown corporation, Invest Nova Scotia, and our colleagues at the Department of Labour, Skills and Immigration on a number of measures. We know immigration will play a key role in addressing the labour shortage here in Nova Scotia. We also know that access to training and reskilling will play a critical role. I'll let Deputy Minister Czapalay speak to this work as her department is the lead, but a great example of the progress being made is Labour, Skills and Immigration's recent \$100 million announcement to accelerate skilled trades and growth in the province.

The second concern we're hearing regularly about from the business community is related to CEBA, which is the federal government's Canada Emergency Business Account program. As I'm sure you're aware, the business community is calling on the federal government to extend the loan forgiveness period for CEBA beyond the January 2024 date. CEBA was a lifeline for so many businesses across Canada, including here in Nova Scotia during the pandemic, but they need more time to repay their loans without losing the loan forgiveness. To support the business community in their efforts, we've formally joined their calls on the federal government to extend the loan forgiveness deadline by writing to the federal Minister of Finance as we know this could be the difference between a business being able to make it or not through the post-pandemic period.

Despite these challenges, one thing that has become evident throughout the pandemic - and now into our recovery phase - is that Nova Scotia businesses are exceptionally resilient. Over the past few years, we've seen businesses adapt and change how they operate. Our job as government is to help them make that transition, and enable

them to take advantage of the opportunities before us by prioritizing innovation and setting them up for long-term success.

One of the ways we've done this is through the Innovation Rebate Program. IRP, which is delivered by Invest Nova Scotia, has had an excellent uptake in every region across the province. The Innovation Rebate Program helps businesses become more productive, competitive, efficient, and sustainable by providing financial incentives so they can make investments in their operations and equipment. IRP helps to offset these capital costs, but it's also helping to address some of the labour challenges that businesses are facing, and allows them to find new and better ways of doing things when they can no longer find employees to fill those gaps.

These innovation rebates are truly catalyzing a more innovative, sustainable future for Nova Scotia. The proof is in the data, as well as in the real, on-the-ground change that's happening in many businesses across the province. I'm sure Peter will share some of these success stories with you today.

I want to thank you for the opportunity to say a few words, and I look forward to questions.

THE CHAIR: Next we'll go to Duncan Robertson.

DUNCAN ROBERTSON: Good afternoon, Chair, and members of the committee. Thank you for allowing me to join you today. My name is Duncan Robertson. I am a senior policy analyst at the Canadian Federation of Independent Business. I'm based here in Nova Scotia.

As you may know, CFIB is Canada's largest non-profit organization devoted solely to the needs of small businesses. We represent members from all sectors and all regions, with 97,000 members across Canada - 4,000 of which are here in Nova Scotia.

There's no doubt, based on our data and the lived experiences of our members, that for the last two years, inflation and labour challenges have been at the forefront of most business owners' realities. Looking back, it's clear from our data that once pandemic health restrictions eased in a meaningful way, multiple factors combined to create the current lingering economic conditions that have been challenging for many of our province's businesses.

Beginning in February 2021, businesses started to rehire to meet pent-up demand from their customers and began to feel the pinch of the labour shortage. In June of the following year, the upward pressure on wages reached a high of 3.6 per cent. At the same time, input costs started to increase, occupancy costs began to rise, insurance costs, which were already high, began to increase.

While wage pressures started easing in mid-2022, input costs remained at historical highs for our data set across 2022 and into the early part of 2023. Adding to this, the Bank of Canada increased the interest rate, which impacted the borrowing costs for many small- and medium-sized businesses. Today, 44 per cent of our members report that borrowing costs are negatively affecting their business, well above the historic average of 22 per cent of respondents.

Our data shows two-thirds of small business secured loans with variable-rate interest over the past three years, making them increasingly susceptible to rising interest rates. As of September this year, current interest rates have negatively impacted close to half of our members in Nova Scotia, and an additional third stated that while they are not feeling negative impacts now, they do expect to feel them in the future. Outside of increased borrowing costs, the most reported impacts of rising interest rates on small businesses are delaying and/or cancelling expansion of investment plans, as well as delaying or cancelling staffing plans, such as hiring or raising wages.

Where do small business owners find themselves today because of general inflation? It will not surprise the committee members that these rising costs also bring with them rising prices. The best way to describe the position of small businesses today is that their choices are limited. Wage pressures, input costs, insurance costs, and occupancy costs are all still above normal. As a result, future pricing plans are still above normal, especially considering the accumulated debt still on businesses' books, such as the Canada Emergency Business Account.

Like consumers, while inflation might be easing month to month, the cost pressures remain well in place. With rising costs bringing rising prices, rising prices also bring decreased demand. An additional reality that needs to be considered when discussing rising interest rates and inflation is the impact on consumer demand. Our data show that the number of small businesses citing insufficient demand as a limiting factor of sales has increased. This means fewer purchases from the local economy. This trend appears to have started in March of this year and continues to increase.

Currently, lack of domestic demand could be heading toward the range of 2008-2009 into levels akin to when the government shut down the economy during the first year of the pandemic.

In terms of labour challenges, labour shortages pose a serious concern for half of our members in Nova Scotia. Tomorrow, CFIB will be releasing a report estimating the financial cost to small businesses as a result of lost business opportunities due to labour shortages. We estimate that in 2022, Nova Scotia small businesses lost one billion dollars in business opportunities because of lost sales or contracts that they had to turn down due to labour shortages.

To try to mitigate these impacts of labour shortages, business owners themselves have worked long hours, with the average Nova Scotian small business owner facing labour shortages working 59 hours a week. For existing employees, they are also feeling the pressure, and many have had to work extra hours.

In conclusion, labour shortages have impacts. Again, business turned down or pushed back contracts and sales, and cancelled or deferred business investments or expansion plans. Approximately one billion dollars was lost in missed business opportunities in 2022.

Inflation has impacts, as the cost of doing business is at an all-time high. Small businesses are finding themselves less and less flexible when it comes to their prices.

We ask that all parties keep these impacts in mind, commit to not adding to the cost of doing business, and work with small businesses to find new and innovative ways to address labour shortages.

Thank you. I'm happy to answer any questions you may have.

THE CHAIR: Thank you. Next, we'll go to Brandon Ellis.

BRANDON ELLIS: Honourable Chair and committee members, my name is Brandon Ellis. I am the Senior Manager of Policy with the Atlantic Chamber of Commerce. The Atlantic Chamber of Commerce is the largest accredited business association in Atlantic Canada, and we've been improving the business environment in the region since 1896. We are a not-for-profit member-based organization comprised of local chambers and corporate partners in Atlantic Canada. ACC represents more than 16,000 businesses of all sizes and in all sectors throughout its network of 90 Chambers of Commerce in the four Atlantic Provinces - about 24 Chambers of Commerce here in Nova Scotia.

The greatest challenge that faces our membership is the cost of doing business. Nova Scotia deserves credit for the extensive regulatory burden reduction that it has taken over the past several years, which has saved businesses millions of dollars and has created a climate that aims to attract investment.

One of the largest contributors to the cost of doing business has been inflation. This past Summer, in one of our surveys, we found that 80 per cent of respondents identified inflation as negatively impacting their business. Businesses noted that costs were up, debt was up, sales were down, and that they felt difficulty in planning for the future. Forty-eight per cent of survey respondents also felt that inflation was going to continue rising.

Every time throughout the course of history that the supply of money has rapidly increased, rising inflation has always followed. The inflation problem that our economy

faces is a result of the monetary policy and the Bank of Canada's decision to print billions of dollars. The Government of Nova Scotia does not have that ability to control the supply of money, and therefore cannot substantially impact inflation. The Government of Nova Scotia should examine reducing the cost of doing business from a provincial level, as inflation is largely out of the Province's control.

Examining labour shortages is also very appropriate for the provincial government. The housing crisis that is presently occurring throughout Nova Scotia is directly impacting the labour market. In another recent survey that we had, 87 per cent of respondents indicated that they were concerned with rental rates in their area; 89 per cent stated that affordable and available housing should be a priority for government; and 44 per cent said that they had difficulty finding a place to live in the last year.

Two of the Atlantic Chamber of Commerce's top priorities are, in essence, the ones that we are examining here today: the cost of doing business and the labour market. The rapid growth that the province is experiencing must also coincide with the development of housing. Without a concrete plan to expand the supply of housing, the labour market will end up significantly damaged. While Nova Scotia is a leader in the area of reducing regulatory burden, a public review of provincial taxation would likely be a worthwhile initiative of government.

Nova Scotia has some of the highest personal income tax rates in all of North America. Nova Scotia also has taxes on taxes. All of this adds to the day-to-day burden of the overall economy.

On behalf of the Atlantic Chamber of Commerce, we once again thank you for inviting us here today, and we welcome any questions.

THE CHAIR: Deputy Minister Czapalay.

AVA CZAPALAY: Good afternoon. I'm pleased to be here today representing the Department of Labour, Skills and Immigration. I'm happy to have my colleague Mike Milloy with me, and also my close colleague, Deputy Minister Farmer. We're not often together at these occasions. It's nice to be here. I'm looking forward to the discussion today. In anticipation of others covering off the impact of inflation on business, I would like to focus my remarks on the impact of labour shortages and how my department can support small businesses with that particular challenge.

There is no doubt that there are many businesses looking for workers, and yet we still have workers looking for work. My department can help match jobs to people and people to jobs through our Employment Nova Scotia division, which oversees the Nova Scotia Works offices. These 50-plus offices, as you know, are located in communities throughout Nova Scotia, and provide in-person and online support to help people connect

to work directly in their communities - everything from resume writing workshops to preparing for job interviews to direct connections to employment opportunities.

[1:15 p.m.]

The Nova Scotia Works offices also provide support to small businesses that don't always have the capacity to search for workers. Employment engagement specialists are located throughout the province, and are dedicated to helping employers find, hire, develop, and keep the talent that they need for success. Employers can also access digital services through the Nova Scotia Works website, including Welcoming Workplaces and an online HR toolkit.

In addition, the government has recently prioritized apprenticeship with a \$100-million investment. We need more skilled trades workers and more employers participating in apprenticeship training to meet the needs of our growing province. The plan to modernize apprenticeship includes actions that will help recruit, train, and retain more people to fill existing gaps in the skilled trades. The actions we're taking will add 5,000 additional new apprentices to the system over the next three years. It will increase the number of certified skilled trades professionals by 1,000 a year.

Two immediate steps we've taken in modernizing apprenticeship in skilled trades are changing the ratios to increase the number of apprentices training on job sites, and launching a new targeted immigration stream for construction workers. We will increase our apprenticeship retention rate so that it's one of the highest in the country.

Growing our population is also part of the solution for our labour shortages. The government is focused on population growth - 2 million by 2060 - and we are on track to do that. Our immigration programs are economic programs. We are focused on working with Nova Scotia industry sectors and businesses to help them find the workers that they need.

Our team, with industry partners, was recently in London at the London Build Expo, the largest building trade show in Europe. While there, we hosted a Nova Scotia event and met with qualified candidates who were enthusiastic about starting a new life in Nova Scotia. These candidates included skilled trades workers, and more than 400 other skilled trades workers reached out to us to express interest. The team is following up with them now. We're working with employers, both at the trade show event and after the trade show event, to turn the interest that they discovered into jobs in communities throughout Nova Scotia.

We are also working hard to retain international students who have indicated that they want to stay in Nova Scotia after graduation. Of course, my department provides programs and supports aimed at connecting all youth to training, mentoring, skills development, and jobs. Recognizing that we have a growing labour base in Nova Scotia,

we have been working with sector councils, universities, and the Nova Scotia Community College to support microcredential learning.

Microcredentials are short and specific training courses that are designed to address identified skills gaps. Rather than having workers leave to upgrade, we are working on a province-wide microcredential network, which will enable workers to upgrade while at work.

I will close my remarks by noting that the Minimum Wage Review Committee is meeting this Fall. Our minimum wage is now at \$15 an hour as of October 1st, similar to other provinces in this region and similar to many jurisdictions across Canada. The committee is comprised of both workers and employers, and is focused on providing balanced recommendations to the minister, taking into account the needs of workers and employers. This is important work. We know this is a difficult time for both workers and employers, and we need to understand and consider all perspectives when determining the minimum wage rate. I look forward to our discussion today.

THE CHAIR: I believe we left Peter MacAskill for the finish.

PETER MACASKILL: Thank you for the opportunity for Wanda and me to join you for this discussion. As Deputy Minister Farmer has said, inflation has emerged, impacting the cost of goods and services, while existing pressure on businesses and labour shortages are impeding capacity and the ability to meet demand. In the face of these shared challenges, my team of exceptionally committed people, like Wanda, engage with businesses across various sectors to identify their specific needs and help navigate toward a solution. The team at Invest Nova Scotia is working every day with businesses on challenges as well as opportunities to unlock growth.

We work and live in the same communities as the businesses we serve. Let me mention a couple. Made with Local snack foods is a certified B Corp, producer of nourishing and delicious foods. To meet growing demand, address quality control, and gain overall efficiencies, Sheena Russell, owner of Made with Local, opened an in-house manufacturing facility in Windsor in December 2022. Previously, the company had used co-packers to produce their products. This adds security and predictability to her supply chain while improving productivity.

Invest Nova Scotia's team has worked with Sheena and her team on multiple fronts, including an innovation rebate for the in-house manufacturing facility, export development program agreements to assist with travel to big-box retailers, and market-strategy development, connecting the company with federal programs such as CanExport and the National Research Council to support growth.

Just recently, Wanda worked with Cape Breton Beverages Limited in CBRM, one of three independent Pepsi bottlers in Canada. We signed an innovation rebate with the

company. The IRP is a tool that's helping businesses unlock capital projects. Cape Breton Beverages is a family business led by Shannon Lynch. She upgraded the business to shift from manual piling various-sized cases into pallets to more automated methods. It will be more efficient with greater output, and therefore also enable to the company to add distribution to Ontario. Shannon will tell you that raw material costs and freight costs have gone up. She decided that reinvesting in the business and enabling her employees to move to more tech-enabled work versus manual lifting is better employment, better retention, and also better from a safety perspective.

We have programs that might be a fit, and partners also have solutions. We go into these conversations without a one-size-fits-all mentality, because we know that there may be other supports that make sense for these companies. The most important thing is to connect with the business to find the right resources and the opportunities. This is good, because addressing these complex issues requires an all-hands-on-deck approach. We are actively partnering with local businesses, industry associations, post-secondary institutions, and across government to leverage collective knowledge and services to help scale our impact.

We know the goal is to both weather the current storm and emerge as a stronger, more resilient economy. Thank you for your time. Wanda and I look forward to your questions and further discussion about how Invest Nova Scotia can contribute to our economic success.

If I can leave with one message for Nova Scotia businesses, it's please reach out to Invest Nova Scotia. We're here to help.

THE CHAIR: With the conclusion of opening remarks, the floor is open for questions. You will all know who the eager person is when I call him up for the first question I have on the list.

I would ask you to wait until I recognize you and your microphone turns red, so that Legislative Television can get you recorded and make sure we hear what you're saying.

I will have a speakers list that I'll keep going. Just give me a wave or something for you guys. We'll wrap up questioning around 2:40 p.m., because we do have a couple pieces of business after that.

Ready for questioning with the honourable Iain Rankin.

HON. IAIN RANKIN: Thank you to all for being here - a good presentation to start off an important topic for Nova Scotians and businesses that are suffering right now under inflation and labour shortages.

I want to focus with our external witnesses here, Mr. Ellis and Mr. Robertson. The reason is because I think, relative to having high inflation and a labour shortage, but specific on inflation - that is certainly a national problem. The deputy minister has mentioned that. What is unique to Nova Scotia, and a problem that we have here, is a spending problem, especially as you compare it to other provinces.

With the type of windfall from taxes that we are now receiving from inflation, the biggest problem we have from a government perspective of Nova Scotia is the amount of spending. It's gone up \$2.5 billion, and I recognize that there was a promise to spend heavily in health care. Twenty-eight per cent of that spending is related to health care. They are, in fact, keeping a significant allotment of taxes - a higher percentage of taxes - and not giving any relief to low- to medium-income Nova Scotians or businesses. Juxtaposed with the previous government, even during challenging fiscal times: reduced income tax for those who made less than \$70,000-some, reduced small business taxes. Now we have a government preparing to add \$5 billion to the debt.

My question and ask for commentary to both our witnesses who represent a large number of businesses throughout Atlantic Canada is: Is there a problem bigger than just inflation? Would you rather see some kind of tax reduction - whether it's income tax or small business tax reduction - or do you think it's better for the economy to continue down this spendthrift plan with huge deficits not seen in this province's history?

THE CHAIR: Who is the question to?

IAIN RANKIN: Both the external witnesses - Mr. Ellis and Mr. Robertson.

THE CHAIR: Duncan Robertson.

DUNCAN ROBERTSON: Definitely when we're discussing taxes, a lot of our members are saying it is having an impact on them, especially in terms of payroll tax. Nova Scotia has, I believe, the third-highest payroll tax burden in the country. Considering the sizes of the rest of the provinces across Canada, it's definitely an issue.

We have asked government to consider providing some tax relief in the form of increasing the small business tax rate threshold on the corporate income tax from \$500,000 to upwards of \$1 million, just to understand that small businesses are really being impacted by inflation. The cost of doing business has, and continues to be, one of the number one issues facing our members. By providing that support through tax support, the largest impact that would have is that businesses would: 1) pay down debt - that CEBA debt, which is incredibly increasing on small businesses, especially after their recent announcement; and 2) they would improve employee wages or compensation. Those are the two main things. It won't just benefit employers, but it'll benefit employees as well. This is really where we see the answer to that question.

BRANDON ELLIS: Excellent question, Mr. Rankin. I'll start out by acknowledging the excellent fiscal record that the previous government had here in Nova Scotia. I think it was, six or seven balanced budgets in a row, roughly. That's something that we haven't seen in the region for quite some time - so credit where credit is due on that.

With respect to reducing the burden of taxation, I recommended in my opening remarks - this is something that the Government of Newfoundland and Labrador did a few years ago. They did a full provincial taxation review which is something that I would recommend the government look at here at a public level. Engage all stakeholders, engage businesses, engage labour, engage members of the public. I think it's about time that we have a full, comprehensive review of taxation, and continue doing the good work that the Province is doing. That has been during this government, and the previous government as well - on reducing regulatory burden. Nova Scotia is a leader nationwide in reducing regulatory burden. I would recommend continuing to invest in that particular Office of Regulatory Affairs and Service Effectiveness.

THE CHAIR: Before we start, I should clarify this. I will allow a follow-up question if it's directly related to the question we asked. In the past, the committee has been giving two questions to everybody, so we tried to limit it. If you have a follow-up question directly related to it, MLA Rankin.

IAIN RANKIN: Just a quick follow-up around the spending. I think the point here is that this kind of spending is structural and will be proposed in future years, and inevitably result in higher taxes. I think every business should be concerned that if we continue down this unsustainable path, which is actually double the rate of inflation, we're going to have some serious challenges. Future governments are going to have to come in and clean it up again.

My question is around the spending piece. We talked about taxes. Are there any recommendations from those same witnesses that I've asked the question? Should the government slow down on pressing the pedal on spending? This isn't just health care. As I referenced, the vast majority of this spending is across all government departments, not health care. Would there be any recommendation to slow that down to prevent the type of tax increases that will inevitably be incurred by Nova Scotia businesses?

DUNCAN ROBERTSON: You go to any small business, and they live within their means. They expect government to do the same as well - understanding that governments across Canada are running high deficits as well, and that there needs to be some financial responsibility, absolutely. Again, making sure that when government is introducing bills and legislation, they understand that the cost of doing business is really an impact for small businesses that are essential to our economy, and making sure that there is some upcoming support if there is any possibility.

[1:30 p.m.]

BRANDON ELLIS: I would recommend slowing down on the overall spending, and here's why. Names like Chrétien, Martin, Flaherty, and Harper were instrumental in reining in our spending on a federal level to prepare for the 2008-2009 financial crisis, and put Canada in one of the best positions globally to recover from that. The excellent fiscal prudence of the previous government balancing the budget and restraining spending, allowed Nova Scotia to be in a good position going into the pandemic.

With that said, we never know when the next crisis is going to happen. We're in a cost of living and cost of doing business crisis as it is right now. We need to look at providing relief. We can't continue to add to that burden. I think we should, as I had mentioned, look at an overall holistic review of the tax system here, but also rein in deficit spending over the short, medium, and long term to prevent that debt burden from being passed on to future generations.

THE CHAIR: MLA Burrill.

GARY BURRILL: Mr. Robertson has, I think, quite correctly put the spotlight on the problem of inadequacy of consumer demand. Surely, a big part of this inadequacy of consumer demand we have in Nova Scotia has to do with the relatively low wages in the Nova Scotia labour market - and in particular in the present inflationary context, the relatively low wages relative to the living wage. I want to ask Mr. Robertson and Mr. Ellis, given this, isn't it to a great extent as simple as - would not increased wages paid by many of your members go a long way to addressing the labour shortage, and at the same time address the overall economic performance of the province?

DUNCAN ROBERTSON: In terms of our membership, a large portion - I believe it's around close to 9 in 10 - are paying above minimum wage right now. They have employees on their payroll who are making above minimum wage. What we're concerned about is the small businesses that simply cannot afford these increases. We're seeing the living wage being framed as a panacea. A lot of what goes into the livable wage is within government control - things like child care, transportation, health care, et cetera.

For those small businesses that are struggling with increased pandemic debt, we don't see it incredibly - again, with all the increasing costs, a lot of them are strapped. A lot of them don't really have the flexibility to be able to provide some of these wages. It is a very competitive market, and small businesses are paying what they can and what they have to be able to get that labour. Again, what we're concerned about is those that are incredibly cash-strapped right now and can't really catch up to these fast increases.

BRANDON ELLIS: My answer would be yes, it would be better for the economy if individuals paid higher wages. We hope that our members and their businesses are able to

pay what they can afford. If they're able to pay higher wages, then we completely support that.

GARY BURRILL: Just as a follow-up to that then - given this shared sense of the centrality of the problem of a shortfall of demand and its relationship to wages - I'd like to ask Ms. Czapalay and Mr. Milloy: What is the department doing specifically to address this central economic problem of relatively low wages in the province?

THE CHAIR: Deputy Minister Czapalay.

AVA CZAPALAY: Certainly, our largest branch within our department is our Skills and Learning branch. We are highly focused on helping people connect to work - either newcomers or Nova Scotians - connect to work here in this province, and also have the right skills to match with the work that's available here in Nova Scotia.

We have an array of programs offered in community, and I've mentioned the Nova Scotia Works offices before. We have 53 of those offices throughout Nova Scotia that meet people where they are, and identify what they need to have in place to connect to work. There's an array of programs and supports available to people from those offices.

We also work with employers to help them upskill or reskill their workforce to become more competitive, to expand or to offer a new product, or to modernize their offerings. We offer that kind of solution to the employer, but we also work hard with employers to just help them - as we stated earlier, many employers are very small in Nova Scotia, so we also work through our Nova Scotia Works offices to support employers in finding workers in their communities.

THE CHAIR: MLA Nicoll.

LORELEI NICOLL: This is to the Department of Labour, Skills and Immigration. A key economic promise that was supposed to help Nova Scotian businesses and Nova Scotians was the Nova Scotia Loyal program. It was promised to give points to consumers for buying Nova Scotia products. The government spent nearly \$700,000 on the development of this program in 2021-22. It's projected to spend \$1.5 million in 2022-23 on the program, yet we've never really gotten a straight answer on when it's going to come to fruition.

I will ask: Will the points-based Nova Scotia Loyal program ever actually happen? You are anxious to answer that, so when you do respond, Mr. Farmer, you can tell me when and why not.

THE CHAIR: Deputy Minister Farmer.

SCOTT FARMER: In response to will it launch - the answer is yes, it will launch. When precisely, I couldn't tell you that today. It will be in the coming months that you'll see that program.

What have we done to date? There's been extensive work around the Nova Scotia Loyal program to date. You'll see it different places. You'll see an interim brand that was developed. I see a reaction to that. There's an interim brand that's been developed, and it's been used in a variety of different mediums. There's been prototyping, exercises that have taken place around a consumer reward, and retailers large and small, farmer's markets, using different incentive models to test them out.

There's been a survey of 10,000 Nova Scotians to provide input on the design and the branding around Nova Scotia Loyal. There have been a number of events around the province to raise some awareness. Most recently, there was a voucher program in schools that went to 10,000 students, inviting them to take their family to a farm market and redeem the voucher. There's been activity. The final design of the program is not yet in place, but you can anticipate that in the coming months.

LORELEI NICOLL: Well, he saw a reaction. Yes, I do travel the province extensively, and by the very essence of markets, as you referenced, that is supporting local. If people are going to the markets, they're already supporting local - are they not? Therefore, that's why my skepticism is coming. I went to such a market, and I was asked if I filled something out, I would be given a chance to win a basket from that market, which all markets do anyway. I left with a pen, so I got something for that.

In essence, I will be watching in the upcoming months. As you said, we're going to do it - today is Giving Tuesday - and I probably say that I support that wholeheartedly. When it comes to helping our businesses, it's interesting when you refer to markets. Those very farmers' markets don't receive funding. Maybe that's where the money should go.

THE CHAIR: Is there a question?

LORELEI NICOLL: No.

SCOTT FARMER: Just on one point - and thank you for that - as it relates to the farmers' markets, there are really a couple of opportunities. The average spend per visitor at a farmers' market is not substantial. We've been meeting regularly with the Farmers' Markets of Nova Scotia and their board members, and there's absolutely an opportunity to up-spend at the farmers' market - in other words, somebody spending more of their weekly grocery dollar at a farm market. Right now, it's around \$16 per visitor to a farm market. That can be much higher than it is.

The other opportunity is to have more people attend at the farmers' market - people who make it part of their average weekly spend to visit a farm market that's near them.

There's plenty of opportunity both with current market shoppers and people who don't visit farm markets today.

THE CHAIR: MLA Taggart.

TOM TAGGART: I just find it interesting - since we're all making comments here - that the member opposite doesn't see the value in trying to increase the value of the agriculture industry in Nova Scotia, which is predominantly rural. It's actually quite shocking, if you want to know the truth.

THE CHAIR: Order. Let's get back to the questioning.

TOM TAGGART: I just made a comment.

THE CHAIR: Back to the questions. Thank you.

MLA Taggart.

TOM TAGGART: I guess I'll start with the Department of Economic Development if you don't mind. My question is: How does your department intend to approach community economic development?

SCOTT FARMER: When you use the term "community economic development," it means different things to different people. We've had conversations with the REN CEOs, for example, in terms of what community economic development means to them, and there are some different perspectives that exist.

The fourth pillar of our economic development strategy is around community focus. Embedded in that is an approach to community economic development. For my part, I think it's primarily about spreading the benefit of prosperity in the province to every community, but that's really sort of at a macro level. At an operational level, it means many things. It means working with communities to develop plans that are based on the natural assets that they have. The RENs do that today to some extent. The former MIT REAP program was focused on that as well.

We've got regional business development advisers like Wanda, who are resident around the province and work in their communities with businesses there to find opportunities and grow. We work in partnership with the RENs to run a variety of programs as they work primarily with small businesses and their local municipalities. We've recently launched the Community Economic Development Fund, which received a significant response. That's aimed at supporting a variety of community economic development opportunities around the province.

[1:45 p.m.]

There are other things that we do that have a community-level impact, like our support for Futurpreneur or our support for IGNITE Atlantic or the Verschuren Centre, or any number of organizations in the province that are driving economic activity in communities.

There are also some programs that are not necessarily thought of as community economic development initiatives per se. One of the programs that changed in the last year was the Capital Investment Tax Credit. One of the first recipients of the Capital Investment Tax Credit was Michelin in support of the \$300 million investment that they're making. That has meaningful impacts in Bridgewater, Lunenburg, Mahone Bay, and in all the surrounding communities, and for suppliers all around the province. den Haan Greenhouses - that's an IRP client - does more year-round business as a result of investments that they've made. That's good for the community of Lawrencetown.

We think about it expansively. There's more that we can do. It involves working with community, but it also involves making sure that all the programs we've implemented are benefiting communities across the province.

THE CHAIR: MLA Craig.

HON. STEVE CRAIG: Ladies and gentlemen, thank you for being here today. This is a very important topic, as we all know and we've alluded to, when it comes to labour and inflation. Obviously, labour covers labour shortage, the factors of which would be total compensation - payment for labour - competitiveness between what one business would pay versus some other business, the training and the capacity of those who are applying and the suitability for the particular business that's at hand. Even, in some cases over many decades, re-trainability - skill sets that are required and skill sets that are no longer required. How does a business go ahead, move, and change in that particular area?

Also, to the fact of shortages, even if you do have all of those in place, it's a sheer numbers game. If you don't have people, given everything else, then that's a problem. A number of the witnesses have commented on that.

When it comes to inflation, of course inflation impacts us all. It impacts on the direct ability to pay those particular wages that we're talking about. It impacts what we pay to manage our cashflow - how we manage our accounts receivable, and our payables. It impacts everything. This is a very complicated topic that is not a simple yes or no answer to many of these things, because any simple yes or no answer that we might come up with, there's always something else. What's next? You can continue to peel that away. I can see from the expressions here that everybody is nodding agreement to that.

My question is for Mr. Ellis. Your organization, thank God it's been around since 1896 - a long time. The organization - not you personally, but the organization - has seen many cycles of the economy. It has seen growing population. It has seen growing competitiveness. It has seen a lot, and continues to see a lot.

My question is more on your institution and how you've managed to change over the years to meet the changes in your members, within the economy, within the population, the competitiveness, and so on. My basic question is: Given all that, do you see how your role needs to change and perhaps has changed over the last, let's say - keep it simple - decade? Or maybe, if it's not the role, perhaps it's the focus.

Business fundamentals are business fundamentals. We're not going to get away from that. Getting down to the fundamentals, is it a focus on the fundamentals? Is it more nuanced than that? I'm curious to know because your organization does provide value - and I thank you and your organization for this - to businesses in Atlantic Canada and beyond. That's my question to Mr. Ellis.

BRANDON ELLIS: Thank you very much, MLA Craig. That's a very good question to ask, and a very timely and relevant one too. I'd start out by saying that the Atlantic Chamber of Commerce, while I haven't been around for all of those years - I've been around for a couple of them now - we're very much a bottom-up organization. We go to communities like yours, and every single one of the members' communities around the table here today, and we communicate with businesses in those communities and with the Chambers of Commerce that represent them. That's where we get a lot of our information. That's where we develop a lot of our advocacy and policy development.

We're noticing a bit of a resurgence, post-pandemic, of events, but for a couple of years there, and leading into the pandemic as well, there weren't so many events, so much in terms of networking that we were seeing. There was a bit of a focus more on government relations, policy and advocacy, and the nuts and bolts of business.

We're seeing that resurgence of events and networking. We're finding that from a membership perspective, you have to go out to your members, and you have to engage with them directly. We're doing that with a new surveying tool that we have called Atlantic Impressions. We're able to connect with businesses all across Atlantic Canada, and gauge what the top issues are for them. We're hearing over and over, the top issues for businesses are the ones that, in essence, we're addressing today: labour market and inflation, the cost of doing business.

In terms of just the past 10 years, there hasn't been a substantial amount of change. I'd say that the biggest thing Chambers of Commerce are focusing on right now - or I should say, one of the biggest things in terms of membership - is trying to engage that next generation who may not be familiar or may not be used to engaging with the Chamber of

Commerce. That is a challenge, and one that we've been embracing and trying to make the most of. I hope that answers your question somewhat.

STEVE CRAIG: You talk about working with the next generation. Can you tell me what it is specifically that you would work with the next generation to do, relative to these two topics today of inflation and labour shortage?

BRANDON ELLIS: The biggest thing, I think, is bringing them to the table and having the conversations with them. Sometimes you have to go to the folks where they're most comfortable - whether that's picking up the phone and speaking with them over the phone, sending an email, or going into their business and communicating with them. The biggest thing is to invite younger business owners and entrepreneurs to the table. We're seeing that around our region now. Chambers of Commerce have their fingers on the pulse of those younger generations of businesses, and they're inviting them to their tables. They're serving on committees of chambers. They're serving on their boards of directors. Chambers have always been good with community outreach, as well.

If we apply those principles and continue inviting young entrepreneurs to the table to have their voices heard on the matters that are most important to them - it's not always inflation and labour market. Those are the predominant issues, but there are a lot of social issues that are very important to entrepreneurs as well. It's finding out what is of importance to them on that micro level. On the macro level, as I had mentioned, the issues we're dealing with today are impacting all businesses.

THE CHAIR: Next, we have MLA Palmer.

CHRIS PALMER: This is a topic I'm very passionate about. I was 26 years in business myself before I got into this role, working with business owners, small and large alike. Through the years I've had conversations with business owners, one of the big cries that we always hear is to just get government out of the way so we can do business. One of the challenges through the years has been red tape, and we've heard a little bit about that today. I'd just like to expand on that a bit more.

We've heard some good reports on our ability to focus on red tape and cut a lot of the burdens from businesses and physicians. We've done a lot of that kind of work with them. Even the Motor Vehicle Act, we've worked with companies to be able to reduce red tape to do things as well.

I was wondering - maybe I'll address this to Mr. Robertson from the CFIB, or maybe Deputy Minister Farmer - if you'd like to touch on it. Could you expand on that, and talk about how this type of work toward cutting the red tape that I've heard so much about through the years, how it really affects businesses and the positive things for them? All levels of government have to have work on that as well, right? It's not just provincial

government. All levels of government have red tape we have to address. Could you address that a little bit for me, please?

DUNCAN ROBERTSON: Absolutely. At CFIB, it's definitely one of our top championing issues - cutting red tape. First and foremost, we'd definitely like to thank and congratulate the work of the Office of Regulatory Affairs and Service Effectiveness on the work that they do. They really are leaders in not just the region, but across Canada, particularly on the work on reducing administrative burden.

Last year, during our Red Tape Awareness Week, we did challenge other provinces to follow the lead of Nova Scotia, and this year we are going to be congratulating them for the continued work they're doing. It's incredibly important to make sure that small businesses have a frictionless environment in terms of regulations, making sure they can do what they do best which is support their communities and run their businesses. Making sure that we have a very small business-friendly environment is incredibly essential, and cutting red tape is a huge part of that.

We want to thank the Nova Scotia Government on what they're doing, and ask them to continue to do that, especially when you're talking about the Motor Vehicle Act being flexible - an issue of maybe only one business where it is a huge concern, and address that in a quick fashion through legislation is definitely something that we appreciate. We just want to ask that they continue that work, and maybe have some conversations with some governments across Canada and try to get them on board as well.

SCOTT FARMER: I'd like to add briefly to that. Nova Scotia scored well on the CFIB red tape report card that comes out annually. It's due in large measure to the leadership that Fred Crooks and the Office of Regulatory Affairs and Service Effectiveness has taken over the last several years. I think they were established in 2017.

Last year in their 2022 annual report, they identified \$10.7 million in burden reduction to businesses - things that they took out of the system - and over time, it's multiples, absolutely multiples, of that. They've got a business navigation service that over 2,000 businesses took advantage of last year. Of course, when proposals are coming forward that have regulatory implications, there's an analysis that's undertaken to ask, what's the burden associated with that?

There's often a conversation about minimizing the burden. I have some experience with this from my time at Service Nova Scotia, and oftentimes it's thought that regulations themselves are the source of the burden. Very often it's the process that exists, or it's a system that requires you to take extra steps. Sometimes big impacts can be had from small decisions. There was a requirement at one time that a landlord hand over to a tenant a physical copy of the Residential Tenancies Act. To what end? I think most of them ended up in the same drawer as all the Canadian Tire Money, in all likelihood. It's available online. There are resources there to help explain it, and that change reduced burden

significantly for landlords and saved tenants a little bit of space in their kitchen drawer, I guess.

It's often simple things that can make a significant difference. There was a requirement - one of the changes that was made in the last couple of years - that certain meetings under the Companies Act had to be held in person. That wasn't practical during COVID-19, and probably not necessary in the day that we live in. That change was a significant burden reduction, and if you look on their website, you can see all kinds of great examples over time. They're not always big, complex things. They're not that hard to tackle. It's more a matter of the will to do it and the focus around the target.

CHRIS PALMER: The feedback I'm getting from small business owners has been positive about some of the things they're seeing over the last few years. Just one quick follow-up on the advocacy for reducing red tape. That is done at the other levels of government as well, I'm assuming. Correct? Would you be able to touch on that, maybe Mr. Robertson?

DUNCAN ROBERTSON: Yes, absolutely. We advocate on all levels of government. We've called on the federal government in terms of the delays with the passports last year. They won, I believe - we call it - the Paperweight Award, so we're definitely advocating on all levels. I know the city of Halifax received an award a few years ago, so we're making sure that all levels of government understand that it's everyone's collective responsibility.

GARY BURRILL: Ms. Czapalay, toward the end of your opening remarks, I think quite rightly you were drawing attention to the question of a minimum wage because it is germane to the matter of retention of workers, for sure. We certainly feel that this week when we have the strike of minimum wage workers not far from here at Pete's Frootique and Sobeys.

I want to ask: Do you not think - and is it not the view of the department - that a significantly increased minimum wage in this hyperinflationary moment would actually go a long way toward attracting and retaining workers in the province?

AVA CZAPALAY: As I mentioned in my opening remarks, the Nova Scotia Minimum Wage Review Committee is meeting this Fall. The committee is comprised of both employers and employees. Their work involves looking at the current situation, and trying to arrive at some advice for the minister that is balanced in terms of both an employee perspective and an employer perspective.

You'll know, of course, that the minimum wage is \$15 an hour as of October 1st. The current advice before the report gets filed - the current existing advice is that as of April 2024, it would be tied to the Consumer Price Index plus 1 per cent. That is consistent in terms of our local Atlantic region, and also with jurisdictions across Canada - Ontario

and Alberta being a bit higher. Our minimum wage is certainly in the realm of all the other minimum wage offerings.

[2:00 p.m.]

Where we see the important role of our department is really in helping businesses acquire the talent that they need and helping workers upskill to meet the growing and evolving needs of their employers, and also helping people connect to work in their communities. That's the array of programs that we offer in terms of helping people train, retrain, connect to work, helping employers, offering employers subsidies to hire youth and underrepresented groups. That's an important role that we see in terms of helping people connect to work.

GARY BURRILL: This is a pretty familiar conversation in Nova Scotia politics. It is the inflationary moment I think that brings a new flavour to it. I think it was just this morning that one of the food banks in the city reported that now a majority of their clients are people who have jobs. In that situation, when we're talking about strengthening our labour market and making it attractive to people, and to keep people here in the province who are from the province, doesn't the inflationary moment make the importance of the minimum wage question more central to our economic performance than it was before, and require a new kind of sharp attention?

AVA CZAPALAY: Let's see the results of the Minimum Wage Review Committee's review this Fall. We know that they have proposed in the past to go to CPI plus 1 per cent, taking into account inflation in April. Let's see what they choose to do with that in terms of their current advice. The report will be public early in the new year.

THE CHAIR: MLA Craig.

STEVE CRAIG: Very interesting responses, and good questions too. I want to go back basically to the labour challenges. It was mentioned by Mr. Ellis and Mr. Robertson as well. This question will be to Deputy Minister Czapalay - that is around labour. You've talked about minimum wage. I'd like to look at the full labour market - from minimum right through to whatever that might be - and the changing source of labour, people who are currently employed and perhaps are going to be without a job because they're no longer required.

I speak from experience. I was in telecommunications for 30 years. We went from when people used to actually put a long-distance phone call in a plug board, and that's what was done. I saw the change from that through to computers now, and even just talking to them, and you can make the calls. I'm not going to pick that up because it's a prop and I don't want to be accused of having a prop, Mr. Chair. Technology has changed a lot. Our markets have changed a lot. Our resources have changed a lot, so we're getting into minerals and moving out of some other services and products.

In the whole market labour aspect, how is your department - how is the government assisting the employees and the employers of Nova Scotia to recognize not only the labour shortages but the suitability of those who are in the market and seeking to gain employment? Are we talking about retraining? Are we talking about refocusing? What is the tool kit that you have at your disposal to help employers and employees, and associations like CFIB and the Atlantic Chamber of Commerce?

AVA CZAPALAY: That is actually one of the most rewarding parts of our work: helping people connect to work and then stay connected to work. That increases the productivity for the business too, of course. Deputy Minister Farmer and I have the privilege of working with some employers who approach both of us and say: We want to evolve. We want to do something new with our business. We want to go in this new direction. Can you tell us about what the labour market might be like in Nova Scotia? How might you help us get employees with the skill sets that we need to meet our needs?

I think those conversations are very rewarding. We'd much rather be on the front end of those conversations than the back end. But we're at the back end as well. We have a huge tool kit within our department. I know all of you know that. When people are out of work, we are able to say to them: Let's talk about what you've done. Let's talk about your skill set. Let's talk about where you want to work, how many more years you want to work, what kind of work you might be qualified for, and let's get some training for you so we can meet you where you are and take you to where you want to be. We've seen that over and over again in Nova Scotia, where we've helped thousands and thousands of employers stay connected to work through a multitude of services.

We also have companies who, for example might say, quick, we're opening a new line of business and we want to keep these employees, but they don't quite have the skill set that we need. We do have programs where we can go in and help the company re-skill existing employees on the spot very quickly to meet a new line of business or to adapt.

We're nimble, we're fast, and we're responsive. We talk to people about what exactly they need, and we can provide that.

STEVE CRAIG: If we expand that a little bit, helping Nova Scotians - Nova Scotia businesses - at what point do you say, now we need to go outside Nova Scotia, outside Atlantic Canada to fulfill those requirements we have here in Nova Scotia? I know - well, I'm not going to talk through what your answer might be.

AVA CZAPALAY: We had a campaign that was very successful in attracting Nova Scotians who'd moved elsewhere to come back to Nova Scotia - focusing primarily on our friends in Ontario and Alberta - just saying to Nova Scotians who lived there: Come on home, it's a great place to be, and we have jobs for you.

Looking at migration from the rest of the Canada and talking about what the kinds of jobs might be, the More Opportunities for Skilled Trades and Occupations Tax Refund was well received by people in the skilled trades who were 30 and under. We also attracted a lot of health care workers who wanted a balanced work lifestyle.

Front of mind right now for me are our immigration efforts, of course. We have economic streams for immigration programs. That means people come here with a job offer. We've been working really closely with the construction sector for the past number of months to support them in getting to international venues to recruit international workers and coming up with solutions that are specific to their sector about recruiting newcomers. We have a team on their way to Toronto right now to attend an immigration job fair there specific to the construction sector.

As I mentioned in my opening remarks, we were just in London, England with a team of employers, sector councils and LSI employees working at a construction trade show. We are very optimistic that we will be able to help meet the needs of the construction sector through our immigration and in-migration efforts.

Then, of course, with apprenticeship, we're really working hard to make sure that people know what an attractive option apprenticeship is and a career in the skilled trades can be - both for people who are here and for newcomers. We have a lot of newcomers arriving who say that they worked as a carpenter, but they don't have the paperwork to show that. We have a program in place where we pay the employer to take the newcomer onto the job site and observe them for three months. We pay the employer, and the employer pays their wages. Then they can challenge an apprenticeship exam, and get in at the appropriate level. We're looking at all possible ways to attract and retain skilled trades workers and health care workers, in addition to the other labourers that Nova Scotia needs.

THE CHAIR: MLA Leblanc.

SUSAN LEBLANC: I just wanted to ask, since you mentioned it, about the MOST program. The last month when we were in the Legislature, the Minister of Finance and Treasury Board really couldn't explain the slow uptake of the program. It was designed, as you know - you probably designed it - to address labour shortages in certain industries. Has there been any assessment yet of the program, and is there any sort of thought as to why there's been fewer than the projected number of applications? I think the numbers we have are that there were 5,600 fewer applications than expected. Have you done any analysis on that yet?

AVA CZAPALAY: People far smarter than me made up the program. It's in the Department of Finance and Treasury Board, but we definitely were involved. I love the program. I'll tell you why. Anecdotally, it made a difference. We had skilled trades workers coming into Nova Scotia saying, this was the difference between me going to New Brunswick or Nova Scotia - over and over again.

It's a new program. I feel, personally, like it has to be given a chance. When you set up a new program, you kind of just guesstimate what the uptake's going to be, guesstimate who's going to use it, and whatever. That's year one. Let's see where year two takes us. I do feel like it's a competitive enough environment that we don't want to eliminate an asset. Maybe it needs tweaking. Maybe it needs a few little tweaks here and there. Happy to see what that is, but I feel like it needs more than one year to determine whether it's a success or failure. I feel that in the hugely competitive environment of attracting skilled trades workers, it's an asset.

SUSAN LEBLANC: I think there's definitely something to it. I guess the questions remain. I've always said that I think the definition of skilled trades needs to be massively expanded. I think ECE, early childhood education, is a skilled trade. I think that film and television, skilled trades. I think maybe it's expanded to the film and television world a little bit, but I'm not sure. There are all kinds of lower-wage skilled trades that we need in this province, and I would love to see an expansion of the program in terms of that.

Yes, new program. Anecdotally, we hear it's the difference between me going to Nova Scotia or New Brunswick. We know that it's also meant to retain workers, and we know that the average savings - or the average refund or whatever - to the worker is \$2,700. If we're talking Nova Scotia/New Brunswick, that might be the difference, but if we're talking Nova Scotia and Ontario, Alberta, British Columbia, I don't know that it is the difference.

If we're talking about tweaking the program, and we're talking about how we can make it stronger, are these the things that you're looking at? Is it enough, I guess is the question, to make a difference and to attract? Maybe it's the difference between someone coming to Nova Scotia or New Brunswick, but how do we get them to stay, especially given that we have exorbitant rents, for instance? They might come here and then say, I still can't make it work because of the extra \$2,700. Your thoughts on that?

AVA CZAPALAY: You may have mentioned your points about expanding the skilled trades to me once or twice. Yes, thank you. Also, MOST does include the film sector. MOST is definitely a tool in the tool box. It's one of many. When you think of it, it's for people who are 30 or under right now. From my own little cohort at home, if I said to the kids, good news, there's a tax credit out there, would they pay attention? If you said, there's \$2,700 in your pocket in May, they might pay attention to that. I think there's a marketing opportunity there.

Also, with the \$100 million in apprenticeship, there are a lot of opportunities in the skilled trades now to cover off tool purchases, equipment purchases to help someone get started in the skilled trades. There's a whole suite of programming, supports and other things that just make it awfully attractive to come to Nova Scotia and practice a skilled trade. MOST is just one piece of the bigger picture there.

[2:15 p.m.]

LORELEI NICOLL: Just for the record, I grew up in rural Cape Breton, Richmond County, where the Valley truck was a big event. Now we make Valley trips to buy local and more produce and that sort of thing. Great antique market in Great Village. That's another road trip.

To the CFIB, I was just wondering: In your October monthly business barometer, it shows that the confidence of business is low, with the lowest in the agricultural sector, which is why I led with my question. Across Canada, we have heard from the sector on a lot of their concerns and challenges that they are facing. Can you break down what the agricultural sector is feeling in Nova Scotia in particular? Perhaps, Mr. Ellis, you could ring in too as to the bottom-up discussions with regard to what you hear in the agricultural business. I was shocked when I read not too long ago about a tomato producer that shut down because it was just too costly to operate. There was one road trip taken away.

I just wanted to ask: Give us a better impression of what the agricultural sector is feeling right now and what needs to be done to help.

THE CHAIR: Who was the question to?

LORELEI NICOLL: CFIB.

DUNCAN ROBERTSON: Your point on agriculture is definitely a good one. A lot of experiences that businesses are having are really tenfold in the agricultural sector. The interest rates are incredibly impactful to them - a lot of them, again, loans. A lot are taking loans. Around two-thirds of our members in general have taken variable-rate loans, so it's really impactful, especially when we're talking about regulations - their sector almost faces more than many others, of course. Then the carbon tax is something that we've really heard from our members in the agricultural sector. The passage of Bill No. 234 is something that we're really hoping to get passed as soon as possible in terms of heating with propane, and making sure that that's exempt from the carbon tax.

We really want to make sure that the agricultural sector is understood. We're expanding CFIB. We have x-number of experts on the agricultural sector. It's just something that we really need government to understand - that they are having an impact on regulations and costs as well, and that there are some kinds of supports. As I said, increasing the small business tax rate threshold would benefit them as well - just making sure they keep them in mind.

BRANDON ELLIS: I'll echo most of what our friends from CFIB just said. Those are a lot of the issues. The only thing that I'd add is we find that - this is across the board, but it's very prevalent in the agricultural sector: labour shortages. We've been hearing labour shortages for several years now in the agricultural sector. So I think that's one of the

additional areas, in addition to the other ones that CFIB just mentioned, where agriculture is struggling - labour shortages.

LORELEI NICOLL: With regard to the labour shortages, I read quite a while ago that the loyal employee everyone expects is no longer, and the people who started companies we all rely on as services, their sons or daughters are not interested in taking on the family business. Therefore, a lot of those services are gone.

I just wondered if there's anything being done by anyone with regard to succession planning for these companies for when the person providing the service in their community for generations is suddenly gone. I just wondered if those discussions are being had.

AVA CZAPALAY: I was just whispering to Scott, because we've had a lot of discussions around succession planning. It seems appropriate for the agriculture sector, but it could probably be with a lot of what we call mom-and-pop shops throughout Nova Scotia. From my perspective, we're looking at immigration as a possible solution for succession planning, especially in family-owned businesses where the family itself doesn't want to continue with the business, and yet that's their asset, that's their retirement plan. Is there an immigrant family who has an entrepreneurial background who would like to take over the business?

We actually have more to come on that within the next few weeks. There will be some more details coming out, but we do have an immigration stream for entrepreneurship that we've tweaked, and more to come on that. I will point out that we have some very successful immigrants operating farms in Nova Scotia who came from the Netherlands. They were farmers there, and have purchased and are successfully running farms here.

BRANDON ELLIS: I was just going to mention the same thing as well. We're hearing succession planning is an issue across the board, not only in agriculture. There doesn't seem to be a firm solution to it though. I agree that immigration sounds like a worthwhile venture to look at succession planning.

THE CHAIR: MLA Taggart.

TOM TAGGART: I have to thank the member opposite for leading me back to where I wanted to go, which is Great Village. There's a lot of great stuff happening in Great Village. I'm sure there are folks at this end of the table who know that. Often, we get accused here of leading questions, so I have a leading question, and I hope I get the answer I'm expecting. No apologies, because it's not about governance - it's about what I'm very passionate about.

In Great Village, there are several second- and third-generation farms that have succeeded in succession and done very well on it. I don't know if this goes to Deputy Minister Farmer or to Mr. MacAskill, but I believe that those farmers have benefited

greatly over the last couple of years because the Department of Economic Development or Invest Nova Scotia have recognized the value of rural community economic development and agriculture. Again, anybody who knows me knows where I fit on that piece, and back to that community in particular.

My question was: Which one of you folks can tell me in a little bit more detail - I know you just brought this up a little bit, but the Innovation Rebate Program - how you benefited some of those agriculture farming industries? I've seen some of them. I know how they work. Is there any way you can elaborate on that? Those farmers are true entrepreneurs. They need our support and I'm glad to see us doing it. Maybe that's part of the reason why we had a balanced budget - when they work and support - and it's not balanced now. I don't know. I had to throw that in because somebody else brought it up. Anyway, in seriousness, could you give us some details on that?

PETER MACASKILL: The Innovation Rebate Program is a capital investment incentive. I'll add, when it comes to the labour shortage, there's a direct tie-in there. There have been a number of cases where we've worked with companies that are in the agricultural sector, including in Great Village. J&B Millen Farms would be a recent one where they were doing significant investments in the pork industry there. What they've done is they've adopted some various robotic technologies, different things like that. This combines, or this hits at, a number of issues.

Labour shortages are something we hear about, and an answer to that is investment in automation, investment in robotics. But when our companies do that, people like Wanda are working directly with people in Ava's department, and the workers they've got, a lot of times, they want to move up. They want to be skilled up. When you go into robotics, it's not - it's rare, and I don't know if it happens at all anymore - that that means a job is eliminated because you're going from manual to automated. In fact, what we find happens is that there are more technical roles that are required as a result of this. It's helped companies retain their employees. It's helped them get new employees, because a lot of the grads who may be coming out of NSCC, and even out of high school today, are looking for jobs that are a little more involved from a technical perspective.

I'll add that there have been a few other recent cases in the agricultural sector. We've done some work with Maritime Gourmet Mushrooms, which also is nearby. Maritime Pride Eggs is another one that invested in some productivity improvements around robotics on things. Again, through and through, we find that they've been able to invest not just in the automation but in the workforce.

TOM TAGGART: I appreciate that. Before my follow-up, which is still on agriculture, I just want to comment that certainly innovation is playing a role in it, but that hog farm you speak of is actually doubling the production of hogs in all of Nova Scotia. It's very significant.

I want to turn now to CFIB. I know you spoke a little bit about agriculture, but it is one of the fastest growing sectors in our economy. If you could elaborate a little bit more on the role you guys are playing to help those who, I believe, are the entrepreneurs who take the biggest risk of any business, certainly, in Nova Scotia. Can you tell me what you guys might be doing or advocating for on their behalf?

DUNCAN ROBERTSON: In terms of your question, at CFIB, we definitely pride ourselves on getting the information on the ground. We survey our members directly. We have reports that are specifically on agriculture. We have lobbying departments specifically on agriculture. We've created numerous reports specifically on agriculture.

Something that we've heard of - again, to touch on the carbon tax issue - Bill No. 234, we really partnered with the MP who tabled that to try to champion it and bring it to legislative officials, MPs, and trying to get that passed through the Senate.

Really, what we provide is a way to get on-the-ground information from members working in the agriculture sector directly to elected officials like yourselves, as well as to all other levels of government. That's really something that we pride ourselves on, and something we expect to continue to do.

THE CHAIR: MLA Palmer is up next.

CHRIS PALMER: Just two quick comments before my question. Big shoutout to Scotian Gold in Kings County - another benefactor of the Innovation Rebate Program. It's really helping the community in our area, for sure.

I also want to compliment my colleague over there who brought up succession planning. I was going to bring that up as well. I think it is something that is a very important topic. Hopefully, government departments working with the private sector and business organizations can really have good conversations around that. I think that is something that we're going to see a lot of issues around over the next couple decades.

My question is to Deputy Minister Czapalay. Your department - you're working with groups - so sector councils and regional enterprise networks. Valley REN in our area is a very thriving REN there. I'd just like to get an idea from you about how you are working with them, and to understand what communities need, and what they excel at from your perspective in your work with them. The teamwork that you're working on there with them, how does that ensure that the programs you're putting together are really targeting with effectiveness? If you don't mind.

AVA CZAPALAY: Of course, everything that we do in our department we do with partners at the community level. Sector councils, we fund them. There are 14 of them, including an association - they're all under an umbrella - Association of Industry Sector Councils, as well as the industry sector councils. The sector councils really help us

understand the HR needs of the sector at a high level, but also getting into the details on very specific points within the sector. They're very helpful at the ground level to tell us what's going on with companies - what they need, what their HR challenges are, their labour challenges. That way, we can work with them and develop programming to help and support them.

[2:30 p.m.]

For the RENs, I'm actually speaking at the RENs annual meeting tomorrow. Their annual meeting is focusing on population growth. Every single REN in Nova Scotia is thinking about population growth. We're thinking about it all the time too: how can all of Nova Scotia benefit from population growth? I always check the population clock before I come here, just in case someone's going to ask me. We've added 72,000 people to our population in Nova Scotia in the past two years, which is - since the RENs are meeting in New Glasgow - eight New Glasgows. We've added eight New Glasgows to our population.

We need to work with the RENs to understand what local regions need in terms of population, and what their priorities are. Some of the RENs are accompanying us on our immigration recruitment missions on behalf of employers. The employers are trusting them. They're saying to them: Look, we can't find x, let's say, carpenters. The REN will go with the requirements of the employer in mind, and say: Okay, I found five carpenters at this trade show - do you want to interview them? They play that intermediary role between us and the employers, and it's greatly appreciated. We do pay for the RENs to participate in international travel.

This group will know that we have six navigators working for our department who are fully engaged in helping newcomers settle throughout Nova Scotia. The navigators work closely with the RENs, the sector councils, the Chambers, and other community partners to help people identify opportunities in jurisdictions all over the province, making sure that all areas benefit from population growth. We do know from recent statistics that our population growth was about 60 per cent in Halifax and 40 per cent outside of Halifax in the past couple of years.

THE CHAIR: MLA Craig.

STEVE CRAIG: It's very good to hear about agriculture and how important it is to the province. Being the previous Minister of Fisheries and Aquaculture though, I wonder if we might turn our sights toward what's being done to help those in the fisheries sector. As you know, it's the biggest GDP contributor here in the province - over \$2.6 billion a year. We have large rural and coastal communities engaged. We talk about succession planning. A lot of it is small family-owned businesses, and on vessels, and out. In fact, LFA 33 went to sea on Sunday, and LFA 34 will be going to sea as soon as the weather improves. Very important to Nova Scotia's economy and Nova Scotians in general, especially in rural and coastal communities.

We've talked about temporary foreign workers relative to fisheries, and of course, with agriculture too. I wonder if somebody, perhaps Mr. Robertson or Mr. Ellis, could say what you're doing to help support the fisheries sector. That would be helpful. Perhaps even the other witnesses, if they could comment on any work that's being done to help maintain and improve the fisheries sector.

THE CHAIR: Mr. Ellis.

BRANDON ELLIS: We have not heard too much feedback from the fisheries community at the Chamber of Commerce level, so I don't think I'd be able to provide too much insight on that particular one. Perhaps CFIB may have heard more than we have.

THE CHAIR: Mr. Robertson.

DUNCAN ROBERTSON: Absolutely. Again, costs are huge on fishers - capital costs to expand as well, succession planning again, like you said. Just in general in the economy, through our research we found that there's going to be \$2 trillion of business assets at stake in the next 10 years in terms of business owners selling or stepping away. Again, it's important to keep those businesses going in Nova Scotia, particularly in the fishing sector, as they provide a lot to our economy.

We hear things like regulations. Being an on-the-ground organization, we have a lot of ad hoc issues that we'll hear. Your past department was very good at getting in touch with that. So it's just making sure that government understands the cost of doing business is at a record high - particularly in the fisheries and agriculture sector - and making sure that they're doing what they can to ensure that they have programs and supports specified for that sector to make sure they're making the most of that.

THE CHAIR: Peter MacAskill.

PETER MACASKILL: Much like in the agriculture sector, the IRP has been an effective tool for a lot of seafood processors around the province. We've done some work with, most recently, Sea Crest Fisheries, which is in Saulnierville, down in the southwest part of the province in the western region. They've invested in some automation as well to help with their processing.

We also have a trade development executive who helps with the seafood sector and takes them on the road, essentially. Seafood Expo Global is a big show that we take a lot of companies to. We team with the Department of Fisheries and Aquaculture on that. Seafood Expo North America is another big show that we take a lot of companies down to.

Diversifying markets has been a key thing for the seafood sector. Obviously, a lot of seafood goes to the U.S. and parts of western Europe. We're constantly doing some work because you don't want to put all your - I'll say eggs - fish, I guess, in one basket.

You want to make sure that you're diversifying markets. Another initiative that we've done over the last number of years with the other Atlantic Canadian provinces is seafood cafés in other parts of Southeast Asia. Something will be coming up in the Spring for that as well.

I'd like to ask my colleague, Wanda, to have an opportunity to speak about a specific client she's worked with.

THE CHAIR: Wanda MacLean.

WANDA MACLEAN: Thanks, everyone, for the invitation to be here today. Absolutely, seafood and our seafood processors taking old, traditional methods of doing things are seeing the value in investing in research and development, technology and automation. Louisbourg Seafoods has done just that at a couple of their facilities, but most recently transforming their actual Louisbourg facility - digitization, automation - to become a smart factory. I think what they're seeing is that it's taking those labour-intensive and tedious processes, and allowing them to create efficiencies - redeploy those folks into more data-driven technology skills that can better contribute to and feel valued in contributing to the business's operation, instead of just based on their brute strength, for example.

I think when it also comes to the investment in automation, when you talk about succession planning, one of the comments they've made as a result of their investment in automation is that the youth along those rural coastal communities are now interested in being part of that organization - employment versus leaving what may have been a harder, dirtier job. That is now something they're seeing - youth retention in the area. That just shows the ripple effect of the investment. That's in seafood, but we're seeing it in other sectors as well.

THE CHAIR: That concludes our time for questioning. I'd like to go back and give you an opportunity for a brief closing comment, if you'd like.

I'll start on my left here with Brandon Ellis. I'll skip over you if you don't give me a nod to let me know that you have closing remarks. I don't know if everybody was prepared for it.

Brandon Ellis.

BRANDON ELLIS: Thank you, Chair. It was an honour to be here over the past hour and 40 minutes to take all of your great questions that we've had today. There has been a lot of discussion on deficits, agriculture, fisheries, and a living wage as well. There's been a fantastic back-and-forth with the witnesses. You don't always have that at these committees. I've been to a few of them now. I really appreciate all the good conversation that we've had.

I'd like to reiterate that the priorities for the Atlantic Chamber of Commerce far and away are the cost of doing business and the labour market. I didn't have a chance earlier so much, but I would like to applaud again the great work that the Office of Regulatory Affairs and Service Effectiveness is doing with respect to reducing regulatory burden. It has been a cross-government initiative. It was an initiative of the previous Liberal government, and the current PC government has continued that. That's something that we're hearing rave reviews about across the province from all of our Chambers. That office is so engaged at the grassroots level. They take the time to reach out to us as well and give us updates on what they're doing, the targets that they're hitting and exceeding, and just how much time and money they're saving businesses across the province. That's something that we couldn't be happier with.

My only suggestion would be to eventually reduce the red tape and the very name of the Office of Regulatory Affairs and Service Effectiveness so that we can all say it a little easier. But they're doing wonderful work, and we can't thank them enough for doing so.

Any initiatives that the Province can do to reduce the cost of doing business would be welcome by the Atlantic Chamber and all of our members. If anyone would like to connect about any of the research or the work that we're doing after this meeting, I would be happy to connect with each and every single one of you.

Thank you very much for inviting us today. We look forward to coming back again in the future.

THE CHAIR: Mr. Robertson.

DUNCAN ROBERTSON: Thank you for the opportunity to be here to discuss these incredibly important issues to our members and small businesses across Nova Scotia and Canada. One thing we want to really get across is for all parties in government to consider these issues when you're in Province House, and just working in general. Making sure that you're addressing the cost of doing business is, again, essential. Also, partnering with small businesses to address the labour shortage is always welcome.

The overall commitment to strengthen the economic environment for small businesses - as you may know, 66 cents out of every dollar spent at a small business stays local, compared to only 11 cents at a big business or 8 cents when shopping at an online giant. Encouraging your constituents to get out and shop local during the holiday season - many small businesses are going to need that extra bump in sales, so we definitely respect your work on doing that.

Just in general, if you have any further questions, more than happy to connect, again, as well. Thank you for the opportunity. I appreciate your time.

THE CHAIR: Deputy Minister Farmer.

[2:45 p.m.]

SCOTT FARMER: I think when I say, #BuyLocal, that will show up in the transcript.

I think that it's important sometimes to take a step back. The Atlantic Canada Momentum Index that was issued in March 2023 looked at 20 indicators. Nova Scotia had positive momentum in the last five years on 16 of the 20. In the last 12 months, employment has grown in Nova Scotia 3.3 per cent - nationally at 2.5 per cent. We're outstripping Canada in terms of employment growth. Over the last five years, GDP has grown faster in Nova Scotia than it has in Canada.

We never could say these things before, so while there are certainly challenges - there's no denying there are challenges with inflation and labour shortages - in the background, there is significant cause for optimism. Thank you for the opportunity today.

THE CHAIR: Deputy Minister Czapalay.

AVA CZAPALAY: I felt like it was a very interesting conversation. I enjoyed it, and appreciate being here, along with my colleague, Mike. I just want to say that I did notice the unanimous agreement on prioritizing succession planning, so more to come on that. Thank you very much.

THE CHAIR: Peter MacAskill.

PETER MACASKILL: I just want to thank the committee for shining a light on these issues. It's very important to ensure that business, as it has its challenges during the present economy as well, that we do shine a light and have these conversations. I would like to allow my colleague, Wanda, to perhaps have the last word.

THE CHAIR: Wanda MacLean.

WANDA MACLEAN: I really enjoyed participating and listening today on some topics of demand from business and how we can best serve them. I would just add that we are on the ground. Our regional team continues to meet with businesses from various sectors. When we do that, we do it in a collaborative approach with a lot of our partners, whether that be federal or provincial, our RENs.

In reference to agriculture, we've got the Department of Agriculture representatives. LSI is always at the table with us as well. We're working with our partners to basically be solution-driven to try to best help businesses turn the challenges into opportunities for their growth. Thank you so much.

THE CHAIR: On behalf of the committee, I get the honour of thanking you for coming in today. I'm sure we all heard a lot of information. Certainly, you were very clear on your messaging. I would ask you to gather your stuff and to vacate the building. I don't know how to say it any politer, sorry. (Laughter) We do have a couple of pieces of business to take care of. Thank you very much.

To the committee, we don't have five minutes. I'll be calling us back strictly at 2:50 p.m.

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

[2:50 p.m. The committee reconvened.]

THE CHAIR: Order. I call the meeting back to order. Can the committee members please return to their seats? We have a few pieces of business to take care of. One, I believe, is going to be brief, for sure.

Maggy Burns, Executive Director for the Ecology Action Centre, says that Brenna Walsh, Senior Energy Coordinator, is better suited to speak on the topic of Nova Scotia Power's transition to renewables and progress meeting climate goals. I bring it up for discussion. It was an NDP topic. Is everybody okay with that?

MLA Burrill.

GARY BURRILL: We would be, Chair.

THE CHAIR: Hearing no other comments, we're good? Okay, that's good.

The next piece of business is the approval of the annual report. Is there a motion made on the annual report?

MLA Palmer.

CHRIS PALMER: I move, Chair, that the Standing Committee on Natural Resources and Economic Development adopt the report, and move that we adopt the annual report. (Laughs) Did I say that correctly, Chair? (Laughter)

THE CHAIR: You've all heard the motion.

All those in favour? Contrary minded? Thank you.

The motion is carried.

The report will be tabled to the clerk's office.

The third piece I have on here is the meeting date, which is scheduled for December 26th, which is Boxing Day. I'm suggesting that we hold that off, cancel the December meeting, and allow the clerk the opportunity to schedule that for May or June when we run out of topics that we have. I say that because I recognize that the clerk is doing a lot of work to bring in witnesses, schedule them in. It's happened here today; he's been shifting around again. I've asked for May and June if we can accept that - have a conversation on that.

SUSAN LEBLANC: I'm not on this committee, so y'all can meet when you want. (Laughter) The discussion on the agenda suggests that it would be rescheduled for February. I just wanted clarification on that.

THE CHAIR: The clarification is that there are a number of topics already approved and witnesses he's already working on. We looked at that and said we'd better push it further into May. That's what we're looking at.

Any further conversation?

We're all in favour.

The next meeting will be January 23rd, and the topic will be Supports for Rural Economics.

No further business?

That concludes our business for today.

Meeting adjourned.

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