

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, June 18, 2014**

**LEGISLATIVE CHAMBER**

**Department of Communities, Culture and Heritage  
Bluenose II Restoration Project**

**Printed and Published by Nova Scotia Hansard Reporting Services**

## **Public Accounts Committee**

Mr. Allan MacMaster, Chairman  
Mr. Iain Rankin, Vice-Chairman  
Mr. Bill Horne  
Ms. Suzanne Lohnes-Croft  
Mr. Brendan Maguire  
Mr. Joachim Stroink  
Mr. Tim Houston  
Hon. Maureen MacDonald  
Hon. David Wilson

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

In Attendance:

Mrs. Darlene Henry  
Legislative Committee Clerk

Ms. Cathleen O'Grady  
Legislative Counsel

Ms. Karen Kinley  
Legislative Counsel

Mr. James Charlton  
Legislative Counsel

Mr. Alan Horgan  
Acting Auditor General

Mr. Terry Spicer  
Assistant Auditor General

### **WITNESSES**

#### **Department of Communities, Culture and Heritage**

Ms. Kelliann Dean, Deputy Minister  
Ms. Rhonda Walker, Acting Executive Director of Archives, Museums and Libraries  
Ms. Rebecca Doucett, Manager of Financial Services, Department of Finance  
Mr. Bill Greenlaw, Former Project Lead



House of Assembly  
Nova Scotia

**HALIFAX, WEDNESDAY, JUNE 18, 2014**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Iain Rankin

MR. CHAIRMAN: Good morning everyone. I call this meeting to order. Before we begin introductions, just a reminder to place your phones on “silent” so we don’t have any interruptions during the meeting. We’ll begin with introductions, starting with Mr. Maguire.

[The committee members introduced themselves.]

MR. CHAIRMAN: Our witness today is the Department of Communities, Culture and Heritage and they will be discussing the *Bluenose II* project with us and Ms. Dean, begin with yourself to provide an introduction and also the members beside you.

MS. KELLIANN DEAN: Thank you, I’d like to introduce to you our Executive Director of Archives, Museums and Libraries, Rhonda Walker who has been also very involved in the *Bluenose II* project as the Project Lead in our department; Bill Greenlaw, who is the previous Project Lead on the *Bluenose II* project; and Rebecca Doucet who is our Financial Services Advisor. I am Kelliann Dean, Deputy Minister of Communities, Culture and Heritage.

MR. CHAIRMAN: Thank you and please proceed with your introductory comments.

MS. DEAN: Thank you very much, good morning everybody and committee members. First of all I want to thank you very much for this opportunity. Since becoming Deputy Minister of Communities, Culture and Heritage last Fall, I've gained a greater understanding of the complexities associated with this file and this project, as well as some of the misperceptions. Taxpayers deserve to know how their funds have been used and why the project is costing more than originally estimated. I hope that by the end of our discussion, you will have a greater appreciation for the complexity of this project and a renewed sense of pride in the anticipation of the *Bluenose II*'s return.

You've asked me here to discuss the project, as well as costs and delays associated with the restoration and to do that effectively, I hope you'll permit me to first provide you with relevant background related to the project timeline and history. *Bluenose II* was built as a promotional replica of the original *Bluenose* by Oland Brewery in 1963, given to the Province of Nova Scotia for \$1 in 1971 and has been the province's sailing ambassador ever since. The *Bluenose* legacy has become an important part of Nova Scotia's proud Maritime heritage and culture. There is an expectation by many Nova Scotians that the province will protect that legacy on their behalf. I can assure you that all involved in this project are keenly aware of that.

While *Bluenose II* had undergone substantial renovations over its 45-year history, it became apparent in 2007-08 that significant structural issues needed to be addressed. The most substantial item was hogging of the ship's hull and keel. Hogging is a term used to describe the distorting of the shape of the hull, due to forces of gravity and buoyancy. As the weight of the vessel pushes down, the water pushes up, the bow and stern are pushed closer to the water. As the shape is distorted, it affects performance, safety and maintenance.

During 2007-08, government examined options necessary to keep *Bluenose II* in operation. These options included: continuing with ongoing maintenance and capital upgrades on an annual basis; a major restoration of *Bluenose II*; constructing a new *Bluenose III*, or having the private sector operate the *Bluenose II*. At that time the government decided that the best option was to pursue a major restoration of *Bluenose II*. This would address the ongoing significant capital issue and protect the well-established brand. It was also decided that the restoration had to be done in Lunenburg in order to create further economic benefits for Nova Scotia.

Premier Rodney MacDonald and Minister MacKay approved the project in 2009, under the federal-provincial Infrastructure Framework Agreement, with a \$14.4 million budget to be cost-shared 50-50 between the federal and provincial governments. Shortly after their election in 2009, the NDP Government committed to continue with the restoration project. A project steering committee was formed in 2009, including representatives from our project management firm, MHPM Project Managers; Transportation and Infrastructure Renewal; Finance; Justice; Procurement; Communities, Culture and Heritage; and the Lunenburg Marine Museum Society.

The steering committee oversaw the development of RFPs and evaluated proposals in accordance with provincial procurement policy. Throughout the project they met regularly to provide input on key decisions. Contracts for project management, design and construction were awarded to three firms between October 2009 and July 2010. MHPM was awarded the contract for project management, responsible for administering the design and construction contracts, providing overall project management support through cost control, scheduled reporting and project accounting. Lengkeek Vessel Engineering was awarded the contract for design - responsible for the design work, drawings and ensuring the vessel meets the regulatory and classification standards. The Lunenburg Shipyard Alliance was awarded the contract responsible for the vessel restoration, project management for the construction, sea trials and final hand-over to the province when the vessel was certified.

The vessel's original delivery date was May 29, 2012. The total project costs have increased from \$14.4 million to approximately \$19 million. At the time this project was initiated, to our knowledge, no one in Nova Scotia had attempted to build a replica of a wooden vessel this size to meet modern day compliance standards. This project is not simply a restoration or even a rebuild of the 1963 yacht. The completed vessel is a highly engineered modern boat with a design life of 50 years and will be fully compliant to modern safety standards. However, she will look and feel like a schooner. The vessel is built from high-quality materials that provide longevity and contain structural steel to ensure that hogging does not occur in the future.

The province decided to bring the vessel into class by the American Bureau of Shipping standards, which means going above and beyond Transport Canada regulatory requirements. Class is an independent safety and quality regime, which is undertaken for ships to demonstrate specific standards related to the bulk of the hull, mechanical, electrical, environmental and safety-related criteria. Ships built to class standards must have documentation to demonstrate that appropriate materials have been used and that a specific regime of testing has taken place.

This additional due diligence ensures that *Bluenose II* will meet the highest possible international safety standards and will be subject to period surveys throughout its life. If I could draw an analogy, it's like achieving ISO 9000 process quality certification for a manufacturing facility or LEED Platinum certification for a building. When the decision was made to take the vessel into class, it was agreed that any additional work over and above meeting the required Transport Canada regulations would be paid by the province through the change order process outlined in the contract.

While the Auditor General's Report will provide a more comprehensive assessment of the challenges that have increased costs and lengthened the project timeline, here are some of the issues. There were significant challenges with the design, fabrication and installation of the rudder and steering gear. There were delays at various points throughout the project related to designs, drawings, approvals and the change order process; and there

was frustration and there were communication breakdowns between various parties, which further complicated the project.

The partners had never built a vessel like this before - a combination of modern state-of-the-art technology and tradition. New materials and techniques had to be blended with traditional boatbuilding. As issues arose, it took time and consultation to determine how to move forward. Elements of this project required the participants to learn along the way, to work through challenges and to find solutions, some of which didn't always work the first time.

*Bluenose II* is now undergoing final testing. The decision has been made to proceed directly to sea trials in order to test the vessel's systems, functionality and seaworthiness. Following the outcome of the sea trials, there will be modifications required to solve outstanding issues with the rudder and steering, and to ensure the vessel meets Transport Canada regulations and ABS certification requirements. Once the vessel is complete and certified, it will be handed back to the province by the builders.

The construction of this vessel represents the ingenuity and craftsmanship of the province's shipbuilding industry and should be a celebration of an exciting achievement by Nova Scotians. As I conclude, I would like to thank the staff who have been working extremely hard for many years on this complicated and very challenging file. We hope that in the very near future the vessel's return to sailing will once again bring positive recognition to Nova Scotia, the Town of Lunenburg and everyone involved in the design and restoration process. Thank you.

MR. CHAIRMAN: Thank you, Ms. Dean and we will begin questioning now with the Progressive Conservative caucus and Mr. Houston for 20 minutes.

MR. TIM HOUSTON: Thank you Ms. Dean, for your opening statements, and thank you all for being here. *Bluenose II* is a Nova Scotia icon and it's an important asset of Nova Scotia. Nova Scotians are concerned about her fate, and we are concerned about her fate.

Back in January, the PC caucus submitted a list of 55 questions about *Bluenose II* to the Premier's office. I'm just wondering, have you seen those questions?

MS. DEAN: Yes, I have.

MR. HOUSTON: Were those questions provided to you directly by the Premier's Office? How did they come into your possession?

MS. DEAN: I believe they were shared with me through the Premier's Office.

MR. HOUSTON: Okay, I appreciate that. Were you given any direction with regard to answering those questions?

MS. DEAN: No, I was not given specific direction with regard to answering them.

MR. HOUSTON: So the questions were provided to you, but nobody asked you to answer the questions?

MS. DEAN: I did not provide answers to those questions.

MR. HOUSTON: Since they first came into your possession, has anybody come back to you and referenced those questions - maybe someone from the minister's office who came back and said, we have those 55 questions, do you have any thoughts on those questions or is it just something that they sent to you and kind of left it at that?

MS. DEAN: Well I think the questions were certainly provided so that at estimates debate, had there been any further follow-up on them, we would have used them and would have answered any of the questions that were posed to us at that time.

They were part of briefings that I would have provided to my minister, so that he would be prepared to answer any questions to that effect. Certainly we were interested in being able to brief our minister to answer any of them at the time of estimates debate.

MR. HOUSTON: So the questions were received and the questions were answered, to the best of your knowledge. Then you don't know what happened with the answers after that - they were just in binders, I guess, in somebody's office.

MS. DEAN: Well we would have used the questions to brief our minister so that he would have been aware of what Ms. MacFarlane's concerns were, so that he would have been able to answer any of those questions during the estimates debate.

MR. HOUSTON: There was one specific question in the list of 55 that had to do with the American Bureau of Shipping. In the list of 55 that was provided to the Premier back in January, that was question No. 22, just for reference. The question was a very specific question: whose specific responsibility is it to fulfill, to fully understand and ensure compliance with the ABS?

So back in January our caucus had asked the Premier, who is keeping an eye on the ABS requirements? I guess my question today is, what was the answer to that question?

MS. DEAN: The ABS requirements are an integral part of the build. When the decision was made to bring the vessel into class and to adopt the ABS classification standards, work that was done through the build - through construction and also the design

work - had to meet ABS standards. So the project management firm, the designer, the builders, were all cognizant of the fact that the ABS standards had to be achieved.

What that means is that from the time that decision was made until now, we are constantly referring to ABS for approvals on designs for inspection approvals. So this has become an integral part of the build since that decision was made to move to those standards. I should say that they are incremental to the Transport Canada regulatory standard. They have been part of this project since that decision was made, so all people involved in the project are aware of the requirement to meet that standard and it does have implications for certification, for testing, for approval on design and many, many elements of the construction.

MR. HOUSTON: Okay, so I guess everyone is responsible for understanding the requirements. Would there be one specific liaison between the department and ABS?

MS. DEAN: The designers would be liaising very frequently with ABS because designs and drawings needed to be approved by ABS, so they would have direct links, as well as the construction project manager for the Lunenburg Shipyard Alliance because ABS would be required to come in and do assessments and testing throughout various points of the project. There was direct contact with ABS by the project proponents. As well, our project managers would be contacting ABS as well, to ensure that things were proceeding as they needed to, with inspections and certification.

MR. HOUSTON: So the ABS stopped the recent test drive, right?

MS. DEAN: The recent test drive - there's a complicated relationship as well between ABS and Transport Canada that maybe I should explain. Transport Canada is the regulatory authority and what they have done is they have basically delegated some of their inspection authority to ABS. ABS serves two roles: they are an inspector for Transport Canada and they are a class society, so they provide certification for us bringing the vessel into class, so there's a dual role.

When ABS indicated that we would be good to go to move the vessel away from the dock, their assessment at the time was yes, you can do that. Ultimately, though, Transport Canada said no, you need a specific certificate, which was the trial certificate. So the actual piece of paper, the trial certificate, had not been issued and Transport Canada said you need to have that. So we did not feel comfortable moving the vessel away from the dock without that certificate, so there's an interplay between ABS and Transport Canada, depending on what we are assessing and inspecting.

MR. HOUSTON: It sounds like there is and I respect that relationship. I guess when the order was issued, or when the decision was made to stop the test drive, where was the minister at that time? Was he on site or where was he when this was all taking place?



MS. DEAN: Our minister was out of the country at the time.

MR. HOUSTON: And the timing of the test drive, that's something that had been established - was that a date that had been picked in advance or was that something that just kind of popped up and said let's do the test drive?

MS. DEAN: The test drive was something that had been contemplated in response to issues that we became aware of with the rudder and steering system. What we wanted to do, based on the fact that we knew there were difficulties that we were having - once the steering system had been installed and it was tested dockside, we recognized that it was difficult to turn the wheel and we knew we needed to do further assessment on that.

The province wanted to have a pre-sea trial so we wanted to be able to test that particular system while the vessel was moving through the water. We felt it would be really important to do that prior to going to official sea trials, so that we could determine what options we might have and what steps we might want to take.

We had also made it a condition of the prepayment agreement that I think you have in front of you, that that pre-sea trial occur because we were adamant that we would have the opportunity to have further assessment. So the date was given to us by the builders and they assured us that we could do the pre-sea trial on that date. It was the builder's responsibility to ensure that that pre-sea trial could be executed on that date.

MR. HOUSTON: That was an important date, an important test that was taking place that day. I think you characterized it as important, I don't want to put words in your mouth.

MS. DEAN: It was important.

MR. HOUSTON: Did you find it odd that it was going to be taking place on a day that the minister wasn't even in the country? Was the minister aware of the date?

MS. DEAN: Unfortunately the minister's plans had been made - he was not available, he was away. We were operating under very, very tight timelines and negotiating an agreement in order to continue to move the project along as quickly as possible.

The sea trial was important and even though it did not take place, we still had the ability to do some testing and to do some assessment work because we had engaged an independent consultant to come to the vessel and to speak with the crew and speak with the captain and to perform some additional testing dockside. While we weren't able to move the vessel away from the dock, nevertheless we were able to do some further work to assess the situation.

MR. HOUSTON: It had the potential to be a significant milestone.

MS. DEAN: Yes, but it also didn't prevent us from gathering some information that we needed to gather. It would have been more complete had we been able to move the vessel in the water and do some testing at various speeds with the crew. Having said that, we were satisfied that we were able to get some very important information dockside.

MR. HOUSTON: You don't happen to know where the minister was?

MS. DEAN: He was on vacation.

MR. HOUSTON: We'll leave that one for right now. It's unfortunate that his vacation coincided with such a significant event in such an important file in his portfolio. I know I'm disappointed by that and I'm sure lots of Nova Scotians would be disappointed to see where that might have ranked in the minister's scheme of things.

As we were moving towards that day, were you comfortable with the date of the test drive? Did you have concerns building up to it?

MS. DEAN: I was trusting the information that I was receiving and believe that if I was told that was the date that the pre-sea trial would take place, that it would take place on that date, and that everything was in order for it to take place.

MR. HOUSTON: So you had no reason to express any concern to any of your colleagues or the minister himself that maybe this is an important date, we're getting close to it - I have these feelings about it.

MS. DEAN: We've always been working towards sea trials as the ultimate test of the vessel's seaworthiness. This pre-sea trial, we had been in conversations with the builders about the need to do it. They agreed that it would be worthwhile to do and so we were moving towards achieving that.

MR. HOUSTON: In terms of what happened that day - I don't know what the proper description is, aborted or failed, or whatever we might want to use - but there was an event that day and it wasn't really the anticipated event, shall we say. You became the spokesperson on that particular day and I'm just wondering who made the decision that you would be the spokesperson for the department on that day. I have to tell you, I find it a bit odd. Normally you'd see maybe a communications director, maybe you'd hear from the minister directly, maybe the Premier himself, given the profile of this file. I find it just a little interesting that you became the spokesperson for the department on this issue. Can you tell me how that came about?

MS. DEAN: Well I think we were reacting very quickly to the situation so we only found out the day before, and it was late in the day, that this wasn't going to take place, but we knew that we were still going to go down to the vessel to do some further testing. I was down there. My staff were committed to finding out as much as we could about the status

of the steering and the rudder because we know this is an important issue that needs to be resolved.

So I think partly because I was there and I had firsthand knowledge of what had happened, why it had happened and what we were there to do, it just made sense for me to speak to media. There were many questions and of course people were wondering what had happened. I happened to be right there at the time and I think that was part of the reason.

MR. HOUSTON: Is it very often that you find yourself the spokesperson for the department?

MS. DEAN: It depends on the situation, but generally no.

MR. HOUSTON: You were on site that day.

MS. DEAN: Yes.

MR. HOUSTON: Were there any elected members of the government on site that day?

MS. DEAN: No.

MR. HOUSTON: So the minister wasn't there; we know the minister was unavailable. The Premier wasn't there. Was the MLA for the area there that day?

MS. DEAN: No.

MR. HOUSTON: So there were no elected officials from the government present for this significant event. Do you have any comment on that?

MS. DEAN: Well it wouldn't be required. It is a technical test, so we needed inspectors, crew, people who could execute the tests and provide oversight, so it wouldn't have been a requirement. I was there because my staff and I were very concerned about the outcome and we have been trying to do everything we can to stay on top of the file so we wanted to have firsthand knowledge of any findings or anything uncovered as a result of the testing that we did dockside.

MR. HOUSTON: In terms of events that are required of an elected official to attend, I can tell you there are not a lot of required events, but generally elected officials attend a lot of events and they generally attend ones that are of interest to them. I know myself in my own constituency I attend a lot of events because I'm interested in what's happening in the community. I think if this was in most constituencies you would see an elected official there, seeing what's happening. I don't know if you want to comment on your feelings about none of them being there that day.

MS. DEAN: No, I have nothing to add.

MR. HOUSTON: When we think about this file progressing along and things are happening in a significant file like this, I guess I'd ask you how responsive has the minister been when you've had feedback for him or needed answers from him, how involved has the minister been in this file?

MS. DEAN: I can certainly speak to the period of time since I've become deputy minister on the file and I can tell you that the minister has been incredibly involved in the file. Obviously it took some time to get everybody up to speed - I was new to the file as was he. Certainly when the issues were brought to our attention about the rudder and the steering system, they were really of major concern to us and major concern to the minister.

Now the issues with rudder and steering are not entirely new. We know that even back in 2012 and prior to that there have been many discussions and debate about the steering system, about this use of a steel rudder, about how that was going to function. Again, the only time to really see the system in action, I guess I would say, was April, when it was fully installed and we were able to actually see the steering work.

At that time when we understood that it was very difficult to turn, the minister got directly involved. We met with the project managers, we had discussions with the captains, he had discussions himself to try to understand the issue, to make sense of what our options might be for rectifying it and to become fully informed about where we might go from there. The minister has been kept fully abreast and he has been very involved, particularly on that issue.

MR. HOUSTON: I guess you'd characterize it that the minister has a good understanding of the issues on this file?

MS. DEAN: I think he is gaining a solid understanding. It is a very complex file, it's difficult to brief somebody on all of the complexities but certainly we have done our best to bring him up to speed on the file, yes.

MR. HOUSTON: The minister made a series of incorrect statements in the House here during Question Periods. He made some incorrect statements about the status of the sea trials, he didn't seem to understand issues surrounding *Bluenose II*, like who was the insurer and where were donations going that were being made? We've always had some concern that maybe the minister didn't really understand the file.

I guess I'm hearing from you that he had every opportunity to understand the file, because he had been briefed as things were progressing?

MS. DEAN: Yes, and there may have been specific questions that he may not have been briefed on, so he may not have had the answers to specific questions but he has been briefed.

MR. CHAIRMAN: Mr. Houston, you have about one minute left.

MR. HOUSTON: Okay, thank you, Mr. Chairman. I know that from the onset of this new government they considered *Bluenose II* to be an important file. I know that because they referenced *Bluenose II* in the Speech from the Throne so we know that it was on their mind. Before it was referenced in the Speech from the Throne, were you consulted that they were going to reference it?

MS. DEAN: No.

MR. HOUSTON: When you heard or read the Speech from the Throne, did you believe that the time frame that they stated in the Speech from the Throne would hold up? Were you comfortable with that at that time?

MS. DEAN: Well whatever would have been written in the Speech from the Throne - and again I have to say whether I was consulted, I'll have to rethink that; I may have provided information at the time, I don't recall. But, having said that, any timelines or information that would have been used would have been based on our information - the best information that we would have had at that time - if that had been provided to them in writing the speech.

MR. CHAIRMAN: Order. The time has expired. We will now move to the NDP caucus and Mr. David Wilson for 20 minutes.

HON. DAVID WILSON: Thank you for coming today. A little bit of maybe not controversy but some debate over the last week, actually, after our last Public Accounts Committee meeting; there was a request to have Deputy Minister Darrow attend today along with you, to answer questions because, of course, of the decision of the government to remove the file from your department and yourself.

I'm a bit interested in why that wouldn't happen. I know Mr. Darrow is quite competent in his work, as are you. We are concerned that he is not here today. Currently as we sit here today, you have no interaction with the file? Do you still consult with Deputy Darrow or the Premier's Office on this, or you have no input on what's going on around the *Bluenose II* refit?

MS. DEAN: This department continues to be involved in the file on a day-to-day basis. We are still managing the contracts for the file, we are still working with the builders and with the designers and with the project management firm in order to bring the vessel

through to sea trials. That day-to-day work continues. All the budgeting, all of that is still the responsibility of the department so we remain very involved in the file.

MR. DAVID WILSON: Which is interesting because the optics, I guess, of the announcement on - I believe it was the day of the sea trial, May 28<sup>th</sup>. The Premier announced that you would be removed from the file, Deputy Minister Darrow would be put in place and the Premier's Office would be advising how to go forward with this project.

Knowing the players involved in the department, I know they've worked extremely hard over the last number of years to try to ensure that taxpayers' funds and money are the number one priority with this project. With the decision to bring the ship into class, definitely there was going to be an increase in cost. So it's interesting to think that the Premier now is - there's this optic out there that you no longer oversee the file, your department no longer has any input on it. Anyway, that's probably a question for the Premier now. Maybe we'll call him to the Public Accounts Committee, but I don't think he'll come.

With the announcement on May 28<sup>th</sup> - the potential sea trials that were supposed to happen - of course, as my colleague mentioned, you were the spokesperson that day on that issue. When did you find out that the decision was made to supposedly remove the file from you and give it to Mr. Darrow? Did the Premier's Office call you that day and say, listen, you're no longer speaking on behalf of this project, we're going to have Deputy Darrow there? Can you maybe advise us how that happened or how did you find out that the file was now going to be overseen by Deputy Darrow and the Premier's Office?

MS. DEAN: For clarification, Deputy Darrow has been added to the file to provide oversight and to work through solutions with respect to the rudder and the steering systems. I do believe that there is an enhanced capacity that's being brought to the file. Deputy Darrow did phone me and he let me know that he was going to be providing oversight on the *Bluenose II* project and that he was going to become involved. He did not indicate to me that I was no longer involved in the file or that I still did not have a key role to play.

So certainly we're looking forward to continuing to do what we're doing to support Deputy Darrow in any way that we can from the benefit of the work that we've already done. Really we all have one goal and that is to get this vessel completed and to get her sailing again. If that means additional resources of government come into play to make that happen, then I welcome that.

MR. DAVID WILSON: That's not the perception that was portrayed in the media that day, so it will be interesting to see what kind of response the government has on that.

I know from working with many of your colleagues that they've worked hard to try to make sure that funds are disbursed appropriately. The additional costs that we're seeing come from the change orders that are a result of potentially bringing it up to class, but is

there not a mechanism in the contract to resolve those disputes? If the department doesn't agree or the management group doesn't agree that these costs are because of bringing it to class, there is a mechanism that that can be resolved at the end of the contract, I believe?

MS. DEAN: Exactly. The change order process that's outlined in the contract is exactly as you have indicated. It is to address changes that are not part of the base contract or the base scope of work. Some of the changes that would be required to meet the ABS standard would be dealt with through the change order process, which means that that specific piece of work or a bill for that work is submitted separately, under a change order request.

Now, there are a significant number of those requests outstanding that are actually in dispute. There is a mechanism in the contract for resolving them, as you indicated. First of all, of course, we try to see if there is a mutual agreement on the costs, and if that doesn't work, then we proceed to mediation. That is an ability to have the documentation looked at by a third party who is independent, who has knowledge of shipbuilding and delay and the potential issues that could be faced, so that they can add some independent oversight to the documents and perhaps reach a solution that way. If we aren't successful mediating, then the contract allows for arbitration, an arbitrated decision.

So just to frame that for you, really what we are looking at are outstanding change orders that we don't necessarily see eye-to-eye on, so there would be documentation that the province would have and there's documentation that the builders would have. What we're trying to do is figure out what those actual costs are, what is reasonable. That's why that process has been put in the contract.

MR. DAVID WILSON: So throughout the project, of course, this was anticipated - that's why it was built into the contract. When the initial contract was offered - it was a tender, I take it - and it was MHPM Project Managers that was awarded the contract. That's the normal process, right? There was a tender issued. Who made the decision to bring in an external - well, I don't know if it's called "project management", I don't have it in front of me, it's in here somewhere in the paperwork - an additional oversight group to see what was going on with the project? When was that decision made? Just within the last couple of weeks, or the last three weeks?

MS. DEAN: I'm not sure what you are referring to.

MR. DAVID WILSON: Wilson Fitt just declared that they would oversee the project to a certain extent. It could be up to \$1,200 a day, so there's an additional cost. We have MHPM, Lengkeek Vessel Engineering, Lunenburg Shipyard Alliance - they all have contracts with the province. Who made the decision to bring in an additional company to oversee the project? Was it through the Premier's Office? Was it through yourself, as deputy minister in CCH?

MS. DEAN: No, I believe that was Deputy Minister Darrow's decision.

MR. DAVID WILSON: So recently we heard comments from the Premier calling this a "boondoggle," which is unfortunate, I think, because in my mind it tarnishes the project and the importance of the project. You mentioned in your opening statement a little bit on how important this was to: (1) be done in the manner it is being done in; (2) be done in Lunenburg, for example, and really doing it in a way that brings back the style of shipbuilding that has been in the history of our province.

I know there are workers down there who have come from all over the country to come back to Lunenburg to work, to build on this historic project. I've talked to them. We've seen people around the world get involved through the webcam feed of the ship, offering coffees for the workers, which is just amazing.

When I hear the Premier come out and make statements like "boondoggle," to me that kind of erases all that good work that is going on. Do you have any comments on why he would call it a boondoggle? Has Deputy Minister Darrow talked to you on why the Premier looks at this as a boondoggle? Have you had any conversation with Deputy Minister Darrow or the Premier on those comments and what that will do and what that has done to this important project?

MS. DEAN: No, I haven't.

MR. DAVID WILSON: When sea trials start again - I noticed that they had mentioned that you needed a Transport Canada ticket or signage or some kind of okay from Transport Canada. Would that not have been something that the project management group would have known about that they should have had in place? I don't foresee you as deputy minister writing that letter to Transport Canada saying we need this authorization. I mean, it would be within the management group that's overseeing it. Why do you think that was an issue? Was it just an oversight, they didn't think they needed it, or was it something that was missed at the opportunity of doing the initial sea trials?

MS. DEAN: I think they believed they had the necessary documentation. Based on comments from the ABS inspector at the time, I think everybody thought we were good to go for a pre-sea trial. Remember, this was not the official sea trials; this was a limited test that we were doing and moving the vessel away from the dock. We weren't doing full inspections or anything kind of related to the sea trial process.

I do believe at the end of the day that it may have been a gap in communication between ABS and Transport Canada, but I also believe that the people involved thought that they had what was required to do the sea trial on that day.

MR. DAVID WILSON: When we look back, I know when we were in session later on in November past, going into December, there were several questions to the minister



about the project. I believe on November 26<sup>th</sup>, the minister had stated that the company has done good work on the restoration, things were going well. There has been some cost overrun, which is anticipated, but he mentioned it here on the floor and I believe in the media that things were going well and that some good work was being done on the restoration. Were you aware of the minister making those comments, first of all, and doing some media on the question around how the project is going?

MS. DEAN: Yes.

MR. DAVID WILSON: So three weeks later is when the minister came out publicly saying that the project needed to be publicly reviewed. I believe that's at the time when the Auditor General's Office was asked to step in and have a review of that. What changed in the three weeks? Was there new information that came to the department that educated the minister on the need to change his stance three weeks prior, saying that things were going well, work was progressing well, and then having to call in for a public review of the project?

MS. DEAN: Well I think that throughout the project there has been intense scrutiny, significant attention on the project. While at the time we may have felt that we were making progress and we were getting close to completion - because at that point I think we were 95 per cent complete and there were some outstanding items that needed to be addressed, but we hadn't fully appreciated the severity of what we were facing with the rudder and steering because this was in November/December.

There were continued concerns about the cost and the delay. I think in the interest of transparency, it probably made sense for the minister to request a full review. I think he wanted a review and he wanted to better understand some of the reasons for cost and delay. I think that having it done independently by the Auditor General was a clear signal that he really wanted to have a transparent approach.

MR. DAVID WILSON: What is the anticipated timeline now for pre-sea trials?

MS. DEAN: We're going to go straight to sea trials. I do want to make that clarification, again, in an effort to expedite the completion of the vessel. There is some work that's being done now dockside on some of the systems just to finalize some of the testing there so that we have those approved. Once we receive approval, then we will receive a scheduled date for the actual sea trial.

MR. DAVID WILSON: So Transport Canada is involved. I'm sure you're making sure that all the paperwork will be in order. Also in the announcement when they announced that, supposedly, they took the file away from you, which we understand today that they really didn't, it also mentioned that the Premier's Office would be involved. Who in the Premier's Office are you meeting with or advising, or is it the Premier himself - are you having regular meetings with the Premier to brief him on what's going on or is there a

staff person from the Premier's Office who is working with you and your department and your staff?

MS. DEAN: I believe that Deputy Minister Darrow will be reporting to the Premier directly. Deputy Minister Darrow is the Premier's deputy so he is going to be providing updates and dealing directly with the Premier on the file. If I'm needed, I will provide my best advice and I'll provide some information that's required as things unfold, definitely. On a regular basis, on any file, we would liaise, as required, with the Premier's Office if there were questions that they needed answers to from the department.

MR. DAVID WILSON: So with any project it usually falls in the department and then, of course, that minister is ultimately responsible for it. I'm a bit confused now on who ultimately in government - elected official, minister or Premier - is overseeing this project. Is it Minister Ince or it is the Premier? How does that work? Is Minister Ince still involved, as you and your staff are, with what's going on and being briefed on this project?

MS. DEAN: We're continuing to brief Minister Ince on the project and keep him fully informed of any actions that we take. My authority comes from him on this file with respect to the contracts that we still have responsibility for executing.

MR. DAVID WILSON: It confuses me even more because that's not what we took from the Premier's comments. So Minister Ince is still the minister overseeing the project.

MS. DEAN: Minister Ince is overseeing our work on the project because he is my minister. I would say, as well, that the Premier and Deputy Minister Darrow are going to be very involved and they will provide oversight.

MR. DAVID WILSON: So they will be very involved. Have you met with Deputy Minister Darrow over the last three or four weeks?

MS. DEAN: Yes, I have.

MR. DAVID WILSON: Have you met with the Premier on this issue or is it just Deputy Minister Darrow who advises the Premier on what is going on?

MS. DEAN: Well I haven't met with the Premier recently but I'm sure that he will be well briefed.

MR. DAVID WILSON: So you haven't met with the Premier face to face on this file since he made the decision to supposedly take the file away from you?

MS. DEAN: No.

MR. DAVID WILSON: Okay. I kind of wish the other deputy was here because then maybe we could get his side. It's just interesting to me - and no disrespect to you or your staff, my view of this is there are more political games being played than games being played with getting the restoration of the *Bluenose II* done, so no disrespect to you or any of your staff. It's just interesting that the Premier makes those comments indicating that the file has now moved, someone else is overseeing it but really the staff, your staff, yourself, your minister are still involved in this project which I think is important because we want to make sure, as I said earlier, that we are ensuring that taxpayers' money is being invested appropriately.

I know I have only about 30 seconds so I'll wait for the second round. Thank you.

MR. CHAIRMAN: Thank you very much. We'll now move to the Liberal caucus and Mr. Stroink.

MR. JOACHIM STROINK: Thank you very much. I guess I'm going to get right to the question here. In May 2010 the contract was put forward by the previous government for the rebuild of *Bluenose II*. The contract was signed and it was moved forward, but it is my understanding that it was moved forward without engineers signing off on the agreement. My understanding also is that today the engineers still have not signed off on this agreement, or on the drawings.

MS. DEAN: I'm sorry, I'm not understanding your question.

MR. STROINK: So the engineers sign off on drawings based on the rebuild of *Bluenose II* because they would have some say on how things are going to be built, correct? Like you would need to have engineers to build this boat, right?

MS. DEAN: Yes.

MR. STROINK: And they haven't signed off on these drawings yet. It's on the design and with the rudder and all that.

MS. DEAN: We engaged Lengkeek Vessel Engineering and they're providing design advice and support and expertise on the file. I'm going to actually ask Rhonda Walker to provide some clarification, perhaps, on your question.

MR. CHAIRMAN: Ms. Walker.

MS. RHONDA WALKER: Lengkeek Vessel Engineering as the designers are required to produce the design level drawings for the restoration, of course. Those drawings go to ABS and ABS provides the regulatory stamp on them as approved drawings. The drawings I believe that you're referring to would be ones with a professional

engineer stamp on them. Those aren't required to be provided to the builder - only the approved drawings through ABS are required to be provided to the builder.

Lengkeek Vessel Engineering, however, does have in their offices copies of the drawings with the professional engineer stamp on them. They have agreed in the past to make those available to the builder if the builder desires to have them.

MR. STROINK: So ABS hasn't signed off on any of the drawings or . . .

MS. WALKER: ABS certainly has signed off on the drawings.

MR. STROINK: So with the previous government, it says right here - and I'll table it gladly - in November 2010 with the steel rudder and steering gear fabrication of installation: "ABS - "No approval yet . . . proceed at own risk." I'll gladly table that document so you can see that. To me it shows that if there was more involvement with ABS then we might not be in the situation where we are today.

MS. WALKER: At that point, the rudder and - Deputy Minister Dean has mentioned that the rudder is complex - it's one of the things that we have been dealing with since 2010; more so since 2011 with it. There would have been initial drawings and designs done of the rudder that would have been submitted and then discussions with ABS around whether or not those drawings were acceptable to ABS and to Transport Canada, and a lot of back and forth. That's part of what some of the timeline has been taken up with - finalizing what those designs are going to be. In the end we actually do have a design that is stamped approved by ABS for the rudder.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: *Bluenose II* belongs to all Nova Scotians, but no community has a greater stake in the vessel than the Town of Lunenburg. Throughout many unfortunate turns of events and continuous delays over the past four years, many questions have not been answered to the community.

Facing the very real possibility of another summer with *Bluenose II* remaining dockside, and perhaps even inaccessible, I am bringing forward questions that are being asked to me as the MLA of Lunenburg. On a daily basis, I get emails, phone calls and people who drop into my office, asking many questions about *Bluenose II*.

Lunenburg will be continually impacted by this negativity if further delays continue in this project. The negative impact on the tourism industry in the town with the loss of *Bluenose II* and added embarrassment of having promised repeatedly her return is perhaps the most obvious. The damage to the reputation of our marine service industry may even be more severe and will undoubtedly be more long lasting.

I understand and appreciate that the problems were not yours - you came into the ministry past a lot of the decisions that were made, and I'm happy that the Premier has called this to the Auditor General in January and that on May 14<sup>th</sup> I had a letter presented here at Public Accounts Committee asking that we speak of this issue today.

So just for clarification, when I talk about the builders I'm talking about the Lunenburg Shipyard Alliance; the engineers, I'm talking about Lengkeek Vessel Engineering; the project managers would be MHPM; and the owners would be the Department of Communities, Culture and Heritage.

Whose responsibility is it to deliver the project on time and on budget?

MS. DEAN: The answer to that is a complex one. This project, as you indicated, is made up of three different partners: the LSA, the designers and the project management firm that's providing the oversight, and the owner, which is the Province of Nova Scotia. So delivering the project on time and on budget has been the subject of much discussion. You might recall that back in February we asked a naval architect to provide us with an independent assessment of what the causes for costs and delay were, because we were concerned about project timelines constantly being moved.

There are numerous reasons why that hasn't actually happened. Changes that have happened and delays that have happened constantly move the timeline. The advice we receive from the project management firm that is providing support for us in managing the overall project and the build is that there were significant challenges that were experienced along the way, and it has been very, very difficult to meet some of the deadlines that we had expected to meet because of some of the difficulties in achieving the ABS standards - some of the difficulties receiving drawings and difficulties getting some of the certifications required on drawings to proceed with builds and the testing of materials.

Really, it has become a much more complex build than anybody would have anticipated at the outset. Ultimately, I think that probably all of the parties share some responsibility in the timeline in the delivery of the vessel.

MS. LOHNES-CROFT: It's my understanding that it's the project manager's job to deliver a project on time and on budget. That's why they are contracted, is it not?

MS. DEAN: Part of the project manager's role is to provide advice on scheduling. They are getting information from the builders with respect to the construction timelines. They are validating those timelines and estimates and providing that back. Sometimes those timelines aren't met.

They are advising us. They are acting as our project manager on the file. Again, it's a very, very complex build and there are several moving parts.

MS. LOHNES-CROFT: So the project has not been delivered on time or on budget, correct?

MS. DEAN: It has not been delivered yet.

MS. LOHNES-CROFT: Okay, and it's on budget?

MS. DEAN: It's not on budget.

MS. LOHNES-CROFT: Okay, thank you. How much was contracted out to the project managing firm to do this, and how much have they been paid?

MS. DEAN: The project managing firm's contract was originally \$375,000, and it has increased to \$1.4 million. That's a reflection of the length of time that has been added to the project delivery. The project was based on a 2012 delivery time frame, and we are now in 2014. It was important for us to ensure that we continued that contract to provide the scheduling oversight, the costing, and the budgeting, because they are ultimately responsible for all of that as well.

MS. LOHNES-CROFT: So you have continued to stay with the same firm?

MS. DEAN: Yes, we have.

MS. LOHNES-CROFT: Although they haven't delivered on time and on budget.

MS. DEAN: The knowledge that the firm has gained over the course of the project has been important for the continuity of the project. It wouldn't have been in our best interest at the time to change project management. As well, I think it's important to note that the project manager's responsibility is also to enforce the contract that is in place.

There are limited remedies in the contract for us to use when delays occur. For example, if something isn't done to a scheduled time, one of the options we have that the project management firm can use is the owner could take possession of the vessel and move it to a different builder. That wasn't an option that we were willing to consider.

When the project timelines shift, we are already halfway down the road and we have to determine what the greater risk is - changing the people involved in the project or working to try to continue to move the project forward and finding ways to mitigate the risk as we go forward.

MS. LOHNES-CROFT: You said that this is an important project, and it is an important project for all Nova Scotians. Typically, when someone is taking on such an expensive and costly endeavour, the project manager is on site. If we were building an

annex on to the Queen Elizabeth II Hospital, the project manager would be on site daily, to make sure things are running smoothly.

I understand there is an interview by Yvonne Colbert of CBC News from June 2013, where it is stated by the Deputy Minister that the project manager hadn't been to meetings or on site for seven months.

MS. DEAN: Well what I can tell you is that the actual construction manager would have been the point of contact for the project management firm for the build. What that means is that the Lunenburg Shipyard Alliance that was actually doing the construction would have had a construction project manager in place. That is the role that would be overseeing the actual construction and build.

The role of the project management firm was to absolutely liaise with that construction manager, to liaise with the designers. They are providing overall project coordination. They participated in production meetings, but they weren't required to be on site as part of the contract.

MS. LOHNES-CROFT: So they could be absent at critical times as well.

MS. DEAN: I'm not aware of specific times that they were or weren't there. What I can tell you is that they are providing the overall project management support for us, liaising with the key people who are involved in the construction of the vessel and the design of the vessel. They are monitoring the overall schedule, yes, and looking at the timelines and obviously advising us when things are not on track and then advising us on recommendations about how we should be dealing with that.

MS. LOHNES-CROFT: So there has been good communication then, you would say, with all the partners from the management firm?

MS. DEAN: I would not say that there has been good communication throughout the project. I think there has been some difficulty in communications throughout the project. I think that it got increasingly difficult towards the end of the project because as costs mounted and change orders mounted and bills weren't being paid, I think that created financial pressures for some of the participants, and it created a very difficult and adversarial situation at times.

To be frank, I don't think that communication was probably all that it could be, and it has been challenging.

MS. LOHNES-CROFT: Has anything been done to rectify that?

MS. DEAN: We have been trying to meet more frequently with the builders. We have certainly been stressing the importance of trying to finish the vessel. One of the things

we have done is to advance payments, particularly because the change order process is a complex process, as I've indicated. The fact that there is an outstanding claim there puts financial pressure on the builders and I think that it also creates difficulty to finish and complete some of the work.

What we have agreed to do in order to alleviate some of that pressure and to keep the project moving forward is to advance payment against the outstanding delay claim, to provide additional cash flow that will be credited against the ultimate settlement. That enables the builders to continue with the work and to ensure that we're being fair throughout the project. So far we've advanced \$800,000 against the outstanding delay claim, in order to help alleviate some of the financial pressure.

MS. LOHNES-CROFT: So has the department ever considered dismissing the management firm?

MS. DEAN: No.

MS. LOHNES-CROFT: Never?

MS. DEAN: Not to my knowledge.

MS. LOHNES-CROFT: Okay. There have been many concerns about the steel rudder; when were the concerns first brought to the department?

MS. DEAN: I believe that the rudder has been the subject of ongoing discussion and debate, beginning in 2010. I am aware that the ultimate design that we have now again has been a constant source of debate and, I think, concern. I know that the builders were very concerned about it.

The original plan was to go with the wooden rudder and the original steering gear, which was fishermen's steering gear. Originally that was going to be supplied and that was going to be part of the build. It became apparent that that was not going to be approved by ABS. Remember, when we made the decision to go to class, all those materials had to be tested and they had to meet the ABS standard. We were advised that the wooden rudder wouldn't work, and also that we were going to have to look for other solutions. There was considerable discussion and debate back and forth between the builders and the designers and ABS certifiers to arrive at a solution that everybody could agree on.

That was particularly difficult in a context where you have tradition at odds with modern technology and modern standards and the ABS classification. So what was important was to try to find a way to marry the ABS-approved configuration for the rudder and the steering with something that was still going to resemble a traditional schooner.



What we ended up with, based on advice and the recommendation of our designers, who were experts - and we were assured that this would work - would be a steel rudder and also fishermen's steering gear, which had to be reconstructed out of materials that could be certified and tested and meet an ABS standard.

This issue has run throughout the project since the beginning, and as I said earlier, it was only evident that - I think it would be April, when it was all assembled, that it wouldn't be working to the performance level that we would expect.

MS. LOHNES-CROFT: So how many refits have there been of the rudder?

MS. DEAN: I don't have an exact number for you, but what we know is that there have been at least seven design changes on the rudder - back and forth, can we use this, can we use that, will this meet ABS, will that meet ABS. So yes, significant changes with respect to arriving at a design that would actually then be built.

MS. LOHNES-CROFT: Would you agree that bringing the ship into ABS classification is the main reason why the cost overruns have occurred?

MS. DEAN: I would say it's a contributing factor. I don't think it is necessarily the only reason. I think there are several reasons, but I think that may be, absolutely.

MS. LOHNES-CROFT: Proportionately, though, it would be.

MS. DEAN: It could be. However, we did have an opinion from a naval architect who said that he would have expected that the costs of bringing a build such as the one we were attempting to do into class would have been in the vicinity of about 5 to 6 per cent of the overall cost. So yes, it has contributed to the costs. I don't know exactly how much. I think that is an issue that is the subject of the outstanding delay claim: how much of the delay do you attribute to bringing the vessel into class and the numerous changes that were made? How much may have been things that needed to be redone through error or other reasons? How much of it was requests that the owner may have made for a change that needed to be done? So it's a web.

MR. CHAIRMAN: Order, please. Ms. Lohnes-Croft, the time has expired.

We will now move to the PC caucus with Mr. Houston for 14 minutes.

MR. HOUSTON: I'm just sitting here and thinking that a lot of projects that are undertaken, whether it be building a building or whatever, there are often problems and challenges. Really the issue is, how do you solve them as they come along? I'm just wondering, when you come onto this file and you're progressing along and you're seeing all these difficult relationships and adversarial relationships, many times what people

would do in that situation is they go to their boss and they'd say, hey boss, I'm having these issues on this thing, can you give me some guidance?

At any time during this process, did you go to the minister and say, look, here are all these issues that are happening, can you help me with this? Did you reach out to the minister and look for guidance on some of these issues?

MS. DEAN: We certainly kept the minister abreast of it. I think that as we became more familiar with the file we recognized the need to try to listen to all the Parties, tried to really understand what the root of the issues were. Sometimes it wasn't obvious.

Really we did, at the outset, listen to the staff who had been involved in the project for many years to get their perspectives, try to understand where they may have been encountering some difficulties, try to understand where each of the parties involved may have been encountering challenges and then try to see what we could do about it.

I think one of the main issues that I became aware of when I became involved in the file involved the financial challenges and the outstanding claim and the fact that that was creating tension in the relationships. The role of the project management firm that we hired was to oversee costs, to look at scheduling, to look at budgeting and to say hmmm, they had the ability to approve invoices and they validated the invoices that were received and they approved them based on the substantiating documentation. So if there was a tension that was emerging, it was that there were outstanding invoices that weren't being paid because they needed to be properly validated.

MR. HOUSTON: So during that process, how involved was the minister? Was he sitting down with you and saying well here are all these issues, let's try to do this, or here is my suggestion. Did you get any guidance whatsoever from the minister on how to resolve some of these monumental issues that you were seeing develop?

MS. DEAN: The minister was involved in the decisions that were made and basically gave us the approval we needed to move forward.

MR. HOUSTON: So in terms of just very specific issues, I know the MLA for Lunenburg raised a number of concerns about the management company, the third party that was responsible for some of that stuff. She referenced maybe the management company not being on site for seven months I think was the number.

If the member for Lunenburg was aware of that, presumably the minister was aware of that. Was the minister okay with that? What was his guidance to you as this was happening?

MS. DEAN: I'm not sure what time frame we're talking about in terms of the project manager's presence on site, so I can't speak to that. That may have been prior to my

participation in the file. What I do know is that they were very much involved since I've been on the file, they have been attending many of the production meetings to ensure that work is moving forward.

MR. HOUSTON: So as they attend these meetings, are they happy with what they see? Are they providing guidance or are they just present? How would you actually characterize their actual involvement - would it be hands-on, would it be indifferent? I'm talking about over the winter as this really started to develop. How would you characterize that? Is hands-on a good expression?

MS. DEAN: I'm consulting with Rhonda because Rhonda attended many of those project meetings as well. Yes, they were hands-on. They were advising us of issues, they were advising us of some of the challenges with the timelines. So the closer we got to completion of the vessel, we were more rigorously managing the efforts to complete.

MR. HOUSTON: Your team - your colleagues, your supervisors - they were there and they saw what was happening and they were part of what was happening, in essence. With that in mind, were you surprised to read - I think it was in *The Globe and Mail* - when the Premier referred to the entire project as a boondoggle. His team would have known what was going on. Did it surprise you, for him to come out with an expression like that at that time?

MS. DEAN: I can't speak for why the Premier uses the expressions that he uses. What I know is that it has been a difficult file, it is very complex as I stated earlier. I think there is a growing level of frustration at the fact that it is not completed. I think that's a genuine frustration that many people feel - the constituents of Ms. Lohnes-Croft in Lunenburg, our staff, everybody working on the project. We all want this to be completed and we want it to be done successfully.

In the final stages of the project that we're in now, it's really important for us to continue to stay focused on the end goal.

MR. HOUSTON: At that time, when that expression was made by the Premier, which was a few months ago, do you recall any specific action he took at that time to get more involved in the file?

MS. DEAN: Who?

MR. HOUSTON: The Premier - sorry. When the Premier referred to this as a boondoggle, do you recall the Premier then - having formed that opinion and come to that conclusion on the status of the project at that time - did the Premier take any action at that time? This was a few months ago - probably even before the House sitting, I think. Do you remember him taking any action to get more involved? Did he turn up in a meeting?

MS. DEAN: I don't recall a specific action. I can tell you that I did provide briefings to the Premier as requested.

MR. HOUSTON: How many times have you been to the Premier's Office to discuss this file?

MS. DEAN: Probably a couple of times.

MR. HOUSTON: So the Premier was reaching out directly to the team here to get his information on the status of the file?

MS. DEAN: Well, and for clarity. It would have been with my minister present, so we would have provided briefings to the Premier because, again, it's a very high profile file, something that's very important to everybody. We wanted to ensure that the Premier was briefed as well, as I would expect my predecessor would have briefed the Premier at the time as well. As part of ensuring that he understood the project, we would have had several briefings, which included the minister.

MR. HOUSTON: So since coming into office, would you say the Premier has been involved in the meetings, updating the status, the briefings on the file - has he been involved in those meetings since coming into office? Let's go back to maybe October/November. He has been pretty involved in this file, would you say?

MS. DEAN: What I would say is that we would have provided briefings, as you would expect we would provide prior to the House sitting or if there was an issue that we felt that the minister and the Premier needed to be kept aware of.

MR. HOUSTON: Now this is a project that was over budget when you received it. When you came along, the project was already a little over budget at that time. When you were new to your position, did you make some recommendations as to how to - you know, changes to be made and how the project was going to roll out going forward?

MS. DEAN: When I came on to the project, the vessel - I was told - was 95 per cent complete, so the majority of the work had already been done. Really what we were doing at this point was resolving some of the outstanding change orders, trying to figure out how we would deal with that. There were some invoices that had not been paid so that we would need to request additional funds in order to do that, which as I indicated earlier today, has brought the project up to \$19 million. That is our current estimate of what the costs are. In reviewing where we were - my role is to hopefully get the project finished and ensure that we have the resources in place to continue to complete our work under the contracts.

MR. HOUSTON: So at that time when you were new in the position - and you identified some issues around invoices and things like that - you would have had some recommendations on how to resolve some of those issues? Would those be

recommendations that you made to the minister? He was a new minister at the time and probably anxious to get information on the status of the file - hopefully. You would have seen what you had seen and you would have made some recommendations to him on this is how we go forward from here.

MS. DEAN: We would have had conversations with the minister - many briefings with the minister - to discuss the status of the project because again, it's a complex file, many moving parts. Yes, he was involved in those decisions, absolutely.

MR. HOUSTON: So he would have accepted your recommendations and then you would implement them - is that the process?

MS. DEAN: He would give us the approval to implement the recommendations and we would do that.

MR. HOUSTON: Has there been a time over the last five or six months where this team has made recommendations that approval has not been granted?

MS. DEAN: Not that I can recall.

MR. HOUSTON: Particularly there were no significant things that you said we should do this a little different and went to the minister with some suggestions and he said no?

MS. DEAN: No.

MR. HOUSTON: So here we are today, what needs to happen to finish this project?

MS. DEAN: We need to get the vessel to sea trials. That will be another milestone in the project. The sea trials signal that we are toward the end of the project. Now, having said that, I do recognize that there may still be work required on the rudder and the steering system, but getting the vessel through to sea trials will put her through the rigorous testing that is required and go through all of the certification process. All the inspectors will be there to look at the various systems to provide comments.

After the sea trial process I expect we'll get a report, and it will say what systems meet the tests, where it is certified under the class system and under Transport Canada regulations, and if there are any things identified that may still need to be addressed before she would be certified as seaworthy and before all the paperwork is done. It is the responsibility of the builders to ensure that the sea trial process moves forward in a timely manner and that all the necessary paperwork is completed so that the vessel can then be handed over to the province.

In my mind, the next significant milestone is the completion of the sea trials. Again, Deputy Minister Darrow will be intimately involved in working through a solution for the rudder and the steering system, so that is something that will also have to be addressed. Those are the two things that will need to be done to bring this vessel to completion and to get her sailing again.

MR. HOUSTON: Will it sail this season?

MS. DEAN: I can't say. That will depend on the outcome of the sea trials, and it will depend on what work is going to be undertaken around the rudder and the steering system.

MR. HOUSTON: Do you know what the intended use of *Bluenose II* is once it's finally complete?

MS. DEAN: She is a passenger-carrying vessel. I believe that is how she will be certified. She will have a crew that will be taking people for day sails as well, in and out of ports that she visits. She will sail from port to port and be the province's sailing ambassador, as she was before.

MR. HOUSTON: I'm just wondering, do you have any specific requests or recommendations that you've made, as of today, that are sitting with the minister or the Premier, waiting for responses?

MS. DEAN: No.

MR. CHAIRMAN: Order. The time has expired. We will now move to the NDP caucus and Mr. Wilson for 14 minutes.

MR. DAVID WILSON: Thank you, Mr. Chairman. I just want to go back to something you indicated in your opening statement. You said there was frustration and a communications breakdown between the various parties that further complicated the project. Could you maybe elaborate on the communication breakdown, or what you identified the communication breakdown to be?

MS. DEAN: I talked a little bit about that earlier. I think that the change order process grew into more of an adversarial process because it served to delay payment. I think that created a lot of frustration.

The other area where I think that communications have been difficult would be this tension between building a vessel that is true to her historical nature and tradition, something that looks traditional, but that has to meet modern day standards and has to meet ABS certified standards. Arriving at solutions that met both needs was a subject of a lot of tension and a lot of debate by times. I think there were elements that people thought they

could use in the vessel, the original vessel, that turned out that we couldn't. That caused a lot of debate and discussion, again, because we wanted to try to remain true to the original designs.

MR. DAVID WILSON: I think that's part of the importance of this project, that here we have the Lunenburg Shipyard Alliance, which is comprised of three companies that used to compete against each other - you've got Covey Island Boatworks, Snyder's Shipyard in Lunenburg, and Lunenburg Industrial Foundry & Engineering. These companies used to compete, and I know they take a lot of pride in this project. Is it correct that the techniques they're using are the old style techniques to redoing *Bluenose II*?

MS. DEAN: Absolutely. One of the wonderful things about this project is that we can celebrate the traditional craftsmanship and the traditional boatbuilding techniques that have been used throughout the project.

You did highlight the notion about pride. I think as well that some of the communication challenges are about the intense pride and passion that people have for this project and for their involvement in the project. *Bluenose II* inspires people and the people involved in the project feel very strongly about their participation and I think that is part of some of the challenges at times. Rhonda can explain a little bit about the traditional craftsmanship that has been used throughout the project and I'm just going to turn it over to her for a moment to explain some of that.

MS. WALKER: One of the things with a project like this is that when we talk about restoring something like *Bluenose II*, there are a lot of options for what that can look like. Potentially it could have been something that was very high tech - perhaps a fiberglass hull on the vessel that could be made to look as though it was made out of wood, and maybe somebody on the wharf wouldn't be able to tell the difference, but for us it was important to keep the tradition of Nova Scotia's wooden sailing vessels.

So we had the Lunenburg Shipyard Alliance construct a wooden hull using traditional shipbuilding methods, and so anyone who went down to that site would have seen these angelique planks being manually lifted up to the ribs of that vessel and then being affixed with, what I'll call spikes, manually with one person hanging onto it and another person whaling on it, for want of a better description, with a maul. Ten thousand of these went into the vessel.

Then as they were doing some of the finishing and fine points of that hull, things were being sanded by hand. Things were being faired by hand. When you look at what's between the planking on the hull of the vessel - well, you won't see because there's paint on it, but as part of this process, there was cotton that was twisted and put into it, and oakum that was twisted and put into the spaces between the planking.

I think there was something like 28,000 linear feet of hull that had to be fixed with oakum and cotton. All of that was done using traditional boatbuilding tools, all done by hand, incredibly labour intensive and something that the shipbuilder is very proud of - because of all of this traditional woodworking that's going on is attached to ribs that were state-of-the art. So you have this wonderful combination of something that's high tech and something that is incredibly traditional. Any wooden boatbuilder would be able to stand there and say, yes, I know exactly what they're doing when they're doing this.

MR. DAVID WILSON: With that, I think everybody would recognize the timeline that could be moving, doing most of it by hand, as you indicated. It goes back to my original question around the communications breakdown. I know and understand that you have different opinions on - you just mentioned going to a fibreglass hull or staying with the traditional wood frame. So you have a number of individuals with their opinions and that I think would have probably led to some of the communication breakdown or some of the opinions being different and taking some time to figure that out. Would you agree with that?

MS. DEAN: Yes, I would agree with that. Again, the rudder is a great example of that because there was considerable debate about what we would do, how it would be designed, what it would look like, whether it would look traditional or not. There were various solutions and ideas proposed, and again, people felt very strongly about adhering to the tradition of the build and the schooner and the vessel itself. That was another area where the traditional steering gear coupled with a steel rudder was something that was within the spirit of *Bluenose II*, but its functionality was a bit challenging.

MR. DAVID WILSON: So we're at a point now where - I don't know what percentage of the vessel is complete, it's high. We're very close to having it completed. I think we both agree that there were a number of people involved with opinions and so I think we are at a critical point now where decisions need to be made and we need to execute them and have the vessel completed. My understanding from the start of this project is there was a steering committee formed that had representatives from MHPM; Transportation and Infrastructure Renewal; Finance and Treasury Board; Justice; Procurement; Communities, Culture and Heritage; and the Lunenburg Marine Museum Society.

Now we see the Premier, who announced not too long ago - three weeks ago or so - that they are adding an additional oversight of Deputy Minister Darrow and the Premier's Office. Are you confident that these decisions can be made? I'm worried now that there's another level of input from Deputy Darrow and the Premier's Office that may delay things further. Since you've acknowledged today that you are still overseeing the project, are you concerned, now that you not only have to deal with all the builders and that but have to take one more step and brief the deputy minister and the Premier's Office, that there would be a delay there?



I'm concerned, because you mentioned today in a previous answer that you haven't directly met with the Premier since the 28<sup>th</sup>, when the Premier released the fact that Deputy Darrow will be overseeing this. Are you concerned that it will create additional delays because of adding another component to making decisions about finalizing and finishing *Bluenose II*?

MS. DEAN: I hope it's going to expedite the process. That's my hope, and I think with resources that are absolutely focused on the element of the build that is still unresolved, that we still need to look at, that will help to finalize the vessel and to get it sailing. Again, that is everybody's goal: to get this vessel finished as quickly as we can and to get her sailing again.

We will work with Deputy Darrow and his team and do whatever we can to help that process go along as quickly as possible.

MR. DAVID WILSON: You mentioned today that it's at \$19 million roughly, an estimated cost. I think less than a week or a week ago, maybe two weeks ago, it was at \$18 million. So for a week it has jumped about \$1 million. What's the difference between the figure released by the minister, I believe, about a week and a half ago, to today that it is around the \$19 million mark?

MS. DEAN: There was additional work done that was validated through the change order process that needed to be paid. That accounts for the difference between the \$18 million and the \$19 million.

MR. DAVID WILSON: The change order, who approved that? Did it come to your office, your desk, or did you have to go to Deputy Darrow to approve that, or the Premier's Office? Or did you and the Minister of Communities, Culture and Heritage approve that?

MS. DEAN: We would have to go to Cabinet for approval to increase the budget for the project because it is tangible capital asset money that is required. We went to Finance and Treasury Board - TCA.

MR. DAVID WILSON: Okay, understood. Now we know that recently, throughout the project, there was also some question around copyright and moral rights involving *Bluenose II*, and then recently there was a settlement of \$300,000. Is that included in the additional \$1 million that you asked Finance and Treasury Board for?

MS. DEAN: No.

MR. DAVID WILSON: So where does that fund come from? Is that coming out of Communities, Culture and Heritage's budget or did you have to go and ask for an additional \$300,000 for the budget for this year?

MS. DEAN: That came from our existing budget, so the department's budget, through our own budget, we were able to use that toward a settlement. We had that in our budget.

MR. DAVID WILSON: Who made the decision to settle that? Was there a recommendation from staff to the minister and the minister made the decision? Or did it go further? Did it go to Cabinet to make a decision on who would approve the settlement, or taking the action of settling it instead of maybe holding off?

MS. DEAN: Our minister was supportive of settling the project and we provided instruction to the lawyers in that respect, and they negotiated the settlement.

MR. DAVID WILSON: The minister agreed with settling it, so where did that recommendation come from? Did it come from staff or did it come from somewhere else?

MS. DEAN: Yes, the recommendation to settle came from staff.

MR. DAVID WILSON: Was that after maybe a legal opinion on the case or was there anything that changed over the last number of years? We're aware that has been an ongoing issue. What triggered the department and staff to make that recommendation? Did something change over the last month or two? Was there a pending court date coming up? How did that transpire?

MS. DEAN: I think as we went through the process, this government wanted to pursue a different approach, and that approach was to settle versus a previous direction which was to continue to go to court to pursue it in court. Upon receiving direction that settlement was a preferred option, we proceeded down that road.

MR. CHAIRMAN: Order, please. Mr. Wilson, your time has expired. We'll move to the Liberal caucus and Mr. Rankin.

MR. IAIN RANKIN: I just want to talk briefly about ABS and the change orders and the cost overruns briefly. Given that the province decided to bring the vessel into class by the ABS system, I'm just wondering if it was the government of the day that decided that, why would the decision be to impose those ABS standards if it's not required? Who decided at the outset to go with the wooden rudder and traditional steering system when the project was created? Why didn't they check when they decided at that juncture to go with the wooden rudder - why wouldn't they check with those ABS standards that they imposed upon themselves? Because clearly ABS said that no approval was given yet, proceed at their own risk, as my colleague mentioned earlier - that report was tabled.

MS. DEAN: I'll start with the decision to go with ABS and then maybe you can remind me of your other questions after that. The decision to go with ABS was being contemplated at the beginning of the contract that was being negotiated with the builders at

the time. The contract actually, if you look at it, says that the build is to be to the Transport Canada standard or regulation but that consideration may also be given to the classification standard, ABS. That's the American Bureau of Shipping.

The decision to go with the American Bureau of Shipping standard was made because - there are two things. Transport Canada at the time was delegating its responsibility for inspection to the American Bureau of Shipping, so they were going to be the inspector. We also thought this is an opportunity for us to have a vessel that is going to meet the highest possible safety standard, and having her brought into class was a way to ensure that we were ensuring the safety of our passengers and crew to the best of our ability.

There are four organizations worldwide, I believe, that can bring a vessel into class or that have certification capacity internationally to bring a vessel into class. ABS is one of them; Lloyd's of London is another; and there are two others. We did approach Lloyd's of London and ABS, and it turned out that ABS was the chosen classification society for us.

When the contract was being negotiated, it was actually signed before the decision was made firmly that we were going to bring the vessel into class and go to ABS. So although the builders were aware that we might eventually walk down that road and that it could be a component, the decision wasn't made until after the contract was signed. At that point we needed to say, okay, how are we going to deal with costs associated with that and the impact that will have on the build as we go forward? That's why the change order process becomes really important.

MR. RANKIN: So again, when was it decided to go with the ABS and was it the minister of the day who decided that?

MS. DEAN: Two to three months after the contract was signed so probably December 2010, so several months after the signing of the contract. It would have been the decision of government. I'm sorry, I should add, the steering committee would have also played a role in that decision.

MR. RANKIN: Right, so relative to the change orders that seemingly are causing a lot of the cost overruns with the project, would that be correct to say?

MS. DEAN: No, the change orders are actually your mechanism for assessing what cost overruns might be. The requirements to go to ABS would be part of those change orders but there are others as well.

MR. RANKIN: Okay, so when the contract was drafted by the prior government to address change orders - because there are always change orders in projects, certainly in the private sector I've experienced many of them, and whenever there's a dispute about some of these change orders their suppliers oftentimes aren't paid. I'm just wondering, did the

prior government ensure that specific clauses were in these contracts protecting the province and the taxpayers, therefore, when these cost overruns were taking place?

MS. DEAN: To my knowledge, in the contract there isn't anything specific about suppliers. It's the responsibility, in this case, of the builder to pay its subcontractors.

MR. RANKIN: So there's nothing in the contracts to protect the taxpayers for any of these change orders, other than bringing the build somewhere else, as you mentioned before?

MS. DEAN: The change orders represent money that's owed that has not been paid.

MR. RANKIN: That's above and beyond what was estimated, right.

MS. DEAN: So the due diligence in the contract would be the process that we are going to go through to validate those change orders, the cost of those change orders, to ensure that taxpayers are not paying more than they should for work that was done.

There is a rigorous process and the due diligence that will be followed to examine those outstanding change orders and make sure that they represent work that was done and that they are paid accordingly.

MR. RANKIN: Just one more brief question before I pass it on to my colleague. Given that you said this is a difficult, complex, adversarial project given to the new government, is there anything you perceive that the new government could have done differently, given the myriad of issues that we are facing in terms of the seven different rudder designs and now declaring a number of times that there are concerns over the last number of years? Do you think the government should have taken a different approach?

MS. DEAN: All I can speak to at this point is really I think what's important is to stay the course and to finish the vessel. Anything we can do to make that happen is what I think needs to continue to happen.

MR. CHAIRMAN: Thank you, Mr. Rankin. Mr. Maguire.

MR. BRENDAN MAGUIRE: How are you all today? Thank you for coming. I just need a quick answer. When was the decision made to have the AG investigate this file? I think we know why but we just want to know when. I know you may not have the exact date but if you have . . .

MS. DEAN: I think it may have been January.

MR. MAGUIRE: In January. So it seems to me that it would be fair to say that after years of mismanagement that started under the Progressive Conservatives and continued

under the previous NDP Government, it was this Premier, this minister, and the current MLA for Lunenburg who showed leadership and accountability when they decided it was time for answers and time to be responsible to all Nova Scotians. With that, I am going to pass to the MLA for Lunenburg.

MR. CHAIRMAN: The honourable member for Lunenburg.

MS. LOHNES-CROFT: Thank you. I just want to go over when you were deciding whether to go with Lloyd's of London or the ABS classification. I've had conversations with members of the steering committee who said it was their recommendation to go with Lloyd's of London for several reasons; the community is familiar with Lloyd's of London and many boatbuilders on the South Shore use that company. Why was their advice overlooked?

MS. DEAN: I don't believe their advice was overlooked. I believe we did approach Lloyd's of London, but they were not prepared to do the project and that's why we went with ABS.

MS. LOHNES-CROFT: And you have that documented somewhere, do you?

MS. DEAN: I can check. I can follow up on that for you, certainly.

MS. LOHNES-CROFT: When was the last time the steering committee with all members met?

MS. DEAN: May 2<sup>nd</sup>.

MS. LOHNES-CROFT: And all members were currently there?

MS. DEAN: Most of them were. There were a couple who were unavailable.

MS. LOHNES-CROFT: Was that a regular occurrence that members were missing from the steering committee for meetings?

MS. DEAN: Honestly, I guess - I'm looking to Rhonda because Rhonda would have been participating in the steering committee meetings. There were times when some members were unable to attend.

MS. LOHNES-CROFT: Any for long periods of time?

MS. WALKER: There were definitely periods of time when other commitments that steering committee members would have had that would have prevented them from being there. I think one of the things to remember is that for some of the steering committee members that were not employees of the department or not employees of government, they

would have had other commitments that they would have been able to address, but they were kept apprised of what was happening with the project through the monthly project update reports that went to them.

MS. LOHNES-CROFT: Who was advising the department, the government - the owners - to go with classification?

MS. DEAN: The designers recommended that we go with the ABS standards because it provided the highest quality of safety, and that recommendation went to the steering committee and the steering committee agreed. That's how the decision was made to go with ABS.

MS. LOHNES-CROFT: The steel rudder - could there not have been a wooden rudder used for the boat?

MS. DEAN: I understand that a wooden rudder couldn't have been used because Transport Canada wouldn't have allowed that and also because it couldn't have been attached to the steel stock. Rhonda, would you like to add to that?

MS. WALKER: With the rudder there were a number of design challenges with the build. The first was that initially when we thought they would be able to use a wooden rudder and the traditional fishermen's steering gear that had come with the vessel, when we actually started to look at what would need to be required we discovered that the rudder stock itself would have had to have been - if it was going to be wooden - over 20 inches in diameter. What that would have done would have been to have completely distorted the stern of the vessel and would have made the connection of the lazarette - part of the stern of the vessel - not the way it needed to be. It wouldn't have been as strong as would have been required for the vessel. It would have weakened the stern end of the vessel.

So the decision was that the best material to use would have been to go to a steel rudder stock. There were issues around whether or not wood would have had the strength to be able to handle a vessel like *Bluenose II*. Yes, it was something that was on the vessel for 45 years, but that was a vessel constructed without the same standards that we have today. Transport Canada or ABS, it just wouldn't have worked to meet those standards. So in trying to find a substance that was going to meet what the strength requirement was, steel was what was settled on - that would meet the requirement for strength.

MR. CHAIRMAN: Ms. Lohnes-Croft, you have just a little over a minute left.

MS. LOHNES-CROFT: Okay. Would the strength you're referring to have to do with the weight of the vessel using angelique wood?

MS. WALKER: The weight of the vessel is something that gets a little bit confusing out in the public. The reality is that the vessel actually weighs only about 10 long

tons more than what it previously had, so it's not the weight of the angelique that is an issue with it. It is the type of vessel and just what it is. Had we rebuilt *Bluenose II* exactly as she had been previously and ignored all the standards that had to be met, there still would have been a question about that wooden rudder. If you looked and said, is this the safest thing, our answer would have been no. That wooden rudder wasn't the safest thing. My understanding is that in the past the wooden rudder has actually broken in use.

MS. LOHNES-CROFT: How much has ABS classification cost so far?

MS. DEAN: We don't have an exact number for that. Again, some of that cost would be reflected in the change orders and in that process as that unfolds.

MS. LOHNES-CROFT: But you do pay a fee to ABS on a regular basis, because their inspectors - I've been on the boat when the inspector has been there.

MS. DEAN: I'm just looking here.

MR. CHAIRMAN: Order, the time has expired. Unlike the World Cup, I'm not permitted to add extra time for pauses. Perhaps that's information that - and the deputy is indicating that she can provide it to the committee.

Before we go to the deputy minister's closing comments, Mr. Houston, do you have a comment you wish to make?

MR. HOUSTON: Thank you, Mr. Chairman. I'm interested in the document that was tabled today. I'm just asking if you can find out the source of this document, and maybe if the witnesses have seen this document prior to today.

MR. CHAIRMAN: Thank you, Mr. Houston. I know the request is made. Who are you requesting to provide it - Ms. Dean?

MS. DEAN: I haven't seen this record. I will share that with you that it looks like it might be a record of the builder with respect to the timeline for the rudder.

MR. CHAIRMAN: Thank you, Mr. Houston. Ms. Dean, we would like to give you this opportunity now to provide some closing comments.

MS. DEAN: Thank you very much. As I said earlier, since becoming Deputy Minister of Communities, Culture and Heritage last Fall, I have had an opportunity to gain a greater understanding of the complexities associated with this project. I can appreciate that Nova Scotians and many Canadians miss their sailing ambassador and are growing increasingly frustrated by the fact that she is not accessible to them. I also respect the fact that taxpayers want to know how their funds have been used and why the project is costing more than originally estimated. I hope I have been able to clarify some of that for you. I've

attempted to share as much as I could today, based on your questions, and will certainly follow up on some of the additional questions you have. We do welcome the findings of the Auditor General's Report when it is released, and hope that we can learn from his observations.

One of the things I would like to say is that we shouldn't lose sight of the importance of ensuring this vessel is fully compliant with modern construction and safety standards. The province is not prepared to compromise quality or safety when it comes to carrying passengers and crew on board *Bluenose II*.

Tragic disasters like the *Concordia* and the *Bounty* underscore the importance of quality and safety in today's vessels. The due diligence required to have the vessel classified by the American Bureau of Shipping ensures that *Bluenose II* will meet the highest possible international safety and operating standards.

To conclude, I hope that when *Bluenose II* resumes her role as sailing ambassador for the province we once again celebrate our shipbuilding expertise and proud Maritime heritage. Thank you very much for inviting me here today.

MR. CHAIRMAN: Thank you very much, Ms. Dean. We don't really have any business on our agenda other than the witness today. Our next meeting is scheduled for September 10<sup>th</sup>, with Mr. Darrow, and it is also on the *Bluenose II* discussion that we've had today. Mr. Houston, did you have a comment?

MR. HOUSTON: Mr. Chairman, I'd like to make a motion that the committee meet again next week to further discuss the project, and that this time we invite those additional people who are now involved in overseeing the project. I'd like to ask that we meet next week and invite the Premier, the minister, and also Mr. Darrow. The motion is that we meet next week with those witnesses.

MR. CHAIRMAN: Are there any comments on that motion?

HON. MAUREEN MACDONALD: We will be supporting this motion.

MR. CHAIRMAN: Mr. Rankin.

MR. RANKIN: Just a brief comment, and I'm sure most of the members know - the Premier is out of the country on a trade mission so he won't be available for that.

MR. CHAIRMAN: Mr. Houston, we should put the motion to a vote. The motion before the committee is that we have the Premier - and I recognize he is not likely available given he is out of the country - and Mr. Darrow and Minister Tony Ince as well, to be here as witnesses for a meeting next week on the same topic of *Bluenose II*.



Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

Mr. Houston.

MR. HOUSTON: With that in mind, I think it's obviously disappointing to me that that motion would be defeated. This is an important issue for Nova Scotians and it's one that is top of mind. I just think that September is too late to leave this issue. By the time September rolls around, Mr. Darrow would have received over \$60,000 of compensation from the taxpayers of this province.

Mr. Darrow is a very capable person, and I would suspect that he is up to speed on the file at this stage. I'd like to propose that we bring him to a meeting and we don't wait until September for that. I would amend my motion to say that the committee meet next week with Mr. Darrow.

MR. CHAIRMAN: Thank you, Mr. Houston. Ms. Lohnes-Croft.

MS. LOHNES-CROFT: I'd like to clarify that Mr. Darrow is already employed by the Premier's Office. He is receiving no extra money for this.

MR. CHAIRMAN: Any other comments? Ms. MacDonald.

MS. MACDONALD: I think it does make a great deal of sense that we have an additional meeting and that we do it next week and bring Mr. Darrow forward to discuss. Just for clarification, I think - if my colleague doesn't mind - I think he was making reference to the new consultant that is on the file. We're seeing - tick, tick, tick - time is passing, the money continues to mount and the ship isn't in the water yet really. Nova Scotians are concerned about this issue and let's talk to the guy who is in charge ultimately in the Premier's Office.

MR. RANKIN: Just a quick comment. I don't see a correlation between when this project is going to be finished with the consultant and bringing the members into this committee for questioning. I've said it last week that this file is relatively new to the oversight of Deputy Minister Darrow and I think that we should give him the opportunity to come up with some solid recommendations to go forth.

This committee has a very strict mandate to analyze the administration of departments. It's not to bring forth new policy, and it's definitely not a committee that brings politics to it. I think we should all be cognizant of that.

MR. CHAIRMAN: Mr. Houston.

MR. HOUSTON: Obviously the point I wanted to clarify is Mr. Darrow is a very capable person. We've heard conflicting stories through the media and possibly today as to what his exact role might be. He is clearly playing a role, and having been on the job, so to speak, for a sufficient period of time - especially by next week - he should have a good understanding of the issues and I think the people of Nova Scotia deserve to hear from him his understanding of the issues and hear his thought process on how they may be resolved so we can see the project through to conclusion.

I don't think that the taxpayers of Nova Scotia should be made to wait until September to hear what his thoughts are on the issue. I think they deserve to know now. That's why we'd like to see him before this committee next week.

MR. CHAIRMAN: There appears to be some disagreement on the motion, therefore it should be put to a vote. The motion is to bring Mr. Darrow, the current deputy minister, before the committee to discuss *Bluenose II* next week.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

Are there any other comments? We do have one important piece of business actually that we do have to vote on or to approve and that is the Subcommittee on Agenda and Procedures record of decision from June 11<sup>th</sup>. There are five witnesses who have been approved by the subcommittee and you'll see them there. Each of you has a copy of that record of decision. Could we have a motion for approval of those witnesses?

MS. MACDONALD: I so move.

MR. CHAIRMAN: It has been moved by Ms. MacDonald. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

I'm going to have to ask for people to vote again because it's not clear to me what the numbers are. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

With that, unless there is a motion that some of these witnesses be approved - we do have some meetings scheduled for September. I think it would be helpful for our committee for the work we do, if there are some of these witnesses that the members who voted against this record of decision do feel comfortable supporting, perhaps you could make note of them now so that the committee could at least move forward with those witnesses.

Mr. Rankin.

MR. RANKIN: Can I put forth a motion that we approve all the witnesses, minus the fourth one there for the Chief Protocol Officer?

MR. CHAIRMAN: The motion before the floor is that four of the five witnesses who were approved in the subcommittee on June 11<sup>th</sup> go forward as witnesses. The one not being supported is the Chief Protocol Officer hiring process.

Ms. MacDonald.

MS. MACDONALD: I'm just curious what the rationale is to exclude the Chief Protocol Officer from our list of witnesses, as recommended by the subcommittee. I'm not part of the subcommittee so I'm assuming this was discussed and agreed to, and this is why this list is here. I haven't heard anything that would indicate why the Chief Protocol Officer shouldn't be brought forward.

MR. HOUSTON: I have the same curiosity. This would have been brought forth from the subcommittee and the subcommittee certainly found it appropriate to call these witnesses. Personally, as I sit here today, I think that's a very appropriate witness to come before this committee because it speaks to the use of taxpayer dollars through the hiring process, especially where high profile hires are concerned.

I think this is a witness who should certainly be willing to appear before this committee and it's a witness that I would like to see appear before this committee. I am curious as to what rationale there may be for the exclusion of this witness.

MR. CHAIRMAN: Mr. Rankin.

MR. RANKIN: Again I guess I'll just bring up the mandate, what I perceive for this committee is to analyze the administration of departments. I think this was brought forth to the committee before and I defeated it because I see it as a political move and I just don't see the role of politics within this committee. I think it is meant for administration of the departments, from what I read, and both Opposition Parties have voiced their disdain over the new Chief Protocol Officer so I don't see a fruitful discussion bringing her in here for questioning.

MR. CHAIRMAN: Mr. Houston.

MR. HOUSTON: I guess perhaps the nature of that discussion would be whether politics do play a part in the disbursement of taxpayer money. Taxpayer money is spent in a hiring process, and I think that does fit the mandate of this committee to analyze the use of taxpayer dollars. I certainly would again voice my opinion that this is an appropriate witness for this committee, on the basis that the filling of this position requires taxpayer

money. It is the use of taxpayer money so I think it's appropriate that the witness appear before the committee.

MR. CHAIRMAN: Again, there seems to be some disagreement about this. The motion that was put forward was that four of the five approved at the June 11<sup>th</sup> Subcommittee on Agenda and Procedures be approved. The one not being put forward would be the Chief Protocol Officer hiring process.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

We'll have the clerk take note that four of those five witnesses have just been approved by the full committee, and she can begin with scheduling those witnesses for the Fall.

Unless there are any further items of business that anyone wishes to bring before the committee, this meeting is adjourned.

[The committee adjourned at 11:06 a.m.]