

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, March 7, 2018

Legislative Chamber

**Department of Agriculture
Wine Development**

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Public Accounts Committee

Mr. Allan MacMaster, Chairman
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Hon. David Wilson
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[Mr. Chuck Porter replaced Ms. Suzanne Lohnes-Croft]
[Ms. Rafah DiCostanzo replaced Mr. Brendan Maguire]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Ms. Nicole Arsenault
Assistant Clerk, Office of the Speaker

Mr. Terry Spicer
Deputy Auditor General

WITNESSES

Department of Agriculture

Mr. Frank Dunn, Deputy Minister
Ms. Loretta Robichaud, Executive Director, Agriculture & Food Services
Ms. Lori Kittilsen, Director, Programs and Risk Management



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, MARCH 7, 2018

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: Good morning. I call this meeting of the Public Accounts Committee to order. This morning we have the Department of Agriculture with us to discuss wine development.

I'd like to remind everyone to ensure that your phones are placed on silent. We'll start with introductions, beginning with Mr. MacKay.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Mr. Dunn, you can proceed with opening comments.

MR. FRANK DUNN: I'd like to thank the committee for the opportunity to come and speak to you this morning about the wine industry and its potential for growth and development in Nova Scotia. Before I go any further, I'd like to introduce the two members of my team who are with me today. On my left is Loretta Robichaud who is the Executive Director of Agriculture and Food Operations in the department. Loretta has a Bachelor of Science in Agriculture from the Nova Scotia Agricultural College, and a Master's in Public Administration from Dalhousie. She has worked for nearly 30 years in agriculture and the public service fields.

On my right I have Lori Kittilsen, who is the Director of Programs and Business Risk Management with the Department of Agriculture. Lori has a Bachelor of Science in Agriculture from the Nova Scotia Agricultural College, and holds a certificate in Adult Education. She has been with the department for 27 years, working in programs and business development. Mr. Chairman, they are here today to help answer questions that committee members may have.

Mr. Chairman, once again I want to thank the committee for the invitation. Helping the wine industry in Nova Scotia grow is a priority for the Department of Agriculture. We want to create the conditions, through prudent investment, that can help the industry take the lead in reaching its full potential. That potential is significant with the opportunity to create jobs and economic activity for rural communities. I can say the latest number for 2016-17 when it comes to jobs, there are 642 people directly employed in the wine industry in Nova Scotia.

Nova Scotia is uniquely positioned to take advantage of growth in the wine industry. Our climate, our soil, the availability of productive agricultural land, and our approach to enabling growth in the sector all offer advantages that can lead to development. That's why in 2014, the minister established the Nova Scotia Wine Development Board as a form for industry and government to work together on ways to help it expand. Working with industry is key for us because it ensures we are targeting our work in ways that can be most beneficial for future growth. Mr. Chairman, as I mentioned, we want to enable the industry to take the lead in its own growth and development.

The story of the wine industry in Nova Scotia is one that is based on the willingness of the industry to take risks that can lead to future successes. That risk taken by industry is leading to some amazing things. Our wines are garnering a world-wide reputation for quality and excellence that is being recognized through awards and international attention for quality of our vintages. I can speak further about those accolades as we move through questions today.

We now have a made-in-Nova-Scotia Appalachian, Tidal Bay, that stands for the very best characteristics in our winemaking - a white wine that is bright, crisp, and aromatic. That is a first for Nova Scotia and shows that our industry has come a long way in a very short period of time.

We already know there is an appetite for local wines in Nova Scotia. Last year, sales of Nova Scotia wines topped \$17 million for 12 per cent of all wine sales in Nova Scotia. It is a growth category. The export picture shows that there's more work to be done; slightly more than \$300,000 in Nova Scotia wines are being exported outside of Canada.

Given our growing reputation as a high-quality producer of wine, the potential for export growth to enhance the economic contribution of this industry is one we cannot ignore. The wine industry is also helping to create economic activity in our rural

communities. Winery tourism helps to drive visitation to Nova Scotia and that creates spinoffs for business in our tourism sector.

In the 2016-2017 provincial budget, the government announced support for the industry growth that is important for the vitality of our rural communities. With \$12 million over five years, the Vineyard and Wineries Investment Program targets strategic actions to help this industry grow. Four primary areas improve efficiency and expansion of vineyards, innovation through research project, development of new market opportunities, and quality enhancements.

This five-year investment is in addition to support that we have provided to the Acadia University laboratory for agri-food and beverages. Along with our partners in the federal government, we have provided \$487,000 toward the construction of the lab in 2016. Last year, the province announced an additional investment of \$916,000 to help the lab achieve ISO certification to support purchases of IT and lab testing equipment. With this prudent, targeted approach to growth and the development of our winery industry, government is playing the correct role by creating the conditions that will allow the private sector to take the lead and succeed. At the end of the day, that means the potential to create more jobs and secure the economic future of our rural communities.

This follows the same path that we have taken for other industries. By supporting innovation, research, and market development, we are helping industry to position itself for continued growth and success. We know what that can mean to communities. As an example, our export sales in seafood have sold nearly \$2 billion worldwide last year. We are the number one Canadian exporter of seafood. That achievement was possible because of the leadership shown by industry and our willingness to work with them.

The same is possible with our wine industry and we believe we are taking the right approach to facilitate that success.

With that, I look forward to questions from the committee.

MR. CHAIRMAN: Thank you, Mr. Dunn. We will begin with Mr. Houston of the Progressive Conservative caucus for 20 minutes

MR. TIM HOUSTON: Thank you for the opening comments. I'd just like to clarify the Vineyards and Wineries Investment Program. A press release in May 2016 set out a four-year, \$12 million program. The Department's Accountability Report the next year in 2016-17 stated a five-year, \$13 million program. The business plan for 2017-18 headed back to a four-year, \$12 million program.

So it went four-year, \$12 million; then it went five-year, \$13 million; and then it seemed to go four-year, \$12 million. I think you said this morning that it's a five-year, \$12 million program. It seems to be moving a little bit, but has it reached a landing point at five years and \$12 million?

MR. FRANK DUNN: Yes, I can clarify that. In September of 2015, there was a budget for \$1 million for Vineyard Development and Expansion, and in the following year, the \$12 million program was announced. The \$12 million is over four years and the \$1 million that was announced slightly before the \$12 million, four-year program would give you \$13 million over five years.

MR. HOUSTON: So, it's \$13 million over five years, but the \$1 million was separate?

MR. FRANK DUNN: That's correct.

MR. HOUSTON: So, we are currently in the four-year, \$12 million program. What year are we in for that?

MR. FRANK DUNN: Year three.

MR. HOUSTON: Would you say that is an incubator program? Is that how you would refer to that program? Is it an incubator to get the industry going?

MR. FRANK DUNN: Yes, it would be an incubator program and there are four major elements of that program. As I mentioned, the expansion and enhancement piece, the work around quality of wines; the research and development piece, as well as a marketing piece.

MR. HOUSTON: Okay. Now, in 2015, Nova Scotia wine sales were \$15.4 million domestic. What does "domestic" mean? Does it mean Nova Scotia or Canada?

MR. FRANK DUNN: I believe it's Canada.

MR. HOUSTON: Canada, okay. Would you be able to split that between Nova Scotia and the rest of Canada?

MR. FRANK DUNN: I can split it for you in the current year. In the current year, there are about \$17.7 million in sales for 2016-17. That's evenly split. I'm going to say about \$9 million was sold through the Nova Scotia Liquor Corporation, and the balance of about \$8 million would have been sold directly at farm gate at the wineries across the province. Our primary sales are in Nova Scotia.

MR. HOUSTON: Okay, \$9 million through the Liquor Corporation and \$8 million farm gate, so most of \$8 million would be Nova Scotia as well.

MR. FRANK DUNN: It would be sold in Nova Scotia - whether it's a tourist from another part of the country that may take the wine, possibly.

MR. HOUSTON: Okay. So if we go back to 2015, where there was \$15.4 million domestic and \$300,000 in exports, at that time, the program was announced - \$3.5 million. How did you come up with \$3.5 million? It's 20 per cent of the total revenues. It seems like a high percentage of the total revenues.

MR. FRANK DUNN: I can give you the breakdown for 2016-17, if you like. That would be the announcement that would have happened in 2015. You mentioned the \$3.5 million - \$2.2 million was allocated to the expansion piece of the program, \$400,000 for quality, \$150,000 for market, and \$750,000 for research.

MR. HOUSTON: But how did you come up with how much the investment would be? Was it just based on the demand through applications, or was it a set number that you said, let's get out there?

MR. FRANK DUNN: No, I would say it's a set number. If you look at the budget that was tabled last year for 2017-18, it was \$3.5 million as well, so pretty much evenly split across the four years.

MR. HOUSTON: So the domestic sales did bump up from \$15.4 million, and I think you said they're up to \$17.7 million now. That's a couple of years later. So the sales are up by \$2 million, but the investment in the industry is probably about \$7 million at that stage. Is there any relationship between those numbers? Like, the investment program is far exceeding the growth of revenues. Would you have expected that?

MR. FRANK DUNN: I think to answer the question, when it comes to investment in the industry and the return, it would be helpful for members to know that the growing of grapes, which is a farm commodity, takes a fair amount of lead time - several years - before the product is actually used for wine sales. I can tell you that the bulk of the \$3.5 million that you reference in 2015 went to the enhancement side, which is basically growing the number of acres in Nova Scotia that produce grapes. In 2015, it was 640 acres. We're now up to 900 acres, which is about a 40 per cent increase. It does take some time to see the fruits of your labours to get to the sales piece, when it comes to winemaking.

MR. HOUSTON: Okay. Thank you for that. Now, in terms of the wine that's sold through the Liquor Corporation, how does that work out with the - like, how does the Nova Scotia Liquor Corporation set the price that it will pay to the winery?

MR. FRANK DUNN: I'll speak to it in general terms, Mr. Chairman. I am reluctant to get into a whole lot of detail around the setting of price and the Liquor Corporation. I'll explain to committee members.

There is currently a World Trade Organization court case allegation between Australia and Canada around perceived or alleged subsidies in the industry. There have been several provinces named in that case, Nova Scotia happens to be one. The consultation around that allegation has just begun in Geneva, March 2nd and 3rd, where Canada was

looking to clarify exactly what the allegations are that Australia has against Canadian wines. It is a file that is handled by Intergovernmental Affairs, through their trade branch, and the Trade Minister, so I am reluctant to get into a whole lot of detail. I am advised that we don't want to compromise our discussions we have with Australia and the World Trade Organization.

[9:15 a.m.]

MR. HOUSTON: Would it be fair to say that the Nova Scotia Liquor Corporation asks the winery, what's your retail price, and then just discounts it down for their margin?

MR. FRANK DUNN: I can tell you in general, that what we do from a provincial perspective, is on a yearly basis we get a grape tonnage that each winery would both grow and purchase from other grape growers in Nova Scotia. That grape tonnage determines the allocation that is allocated to a winery, with regard to what they can sell at their winery at their farm gate.

I can say from a Nova Scotia perspective, that our definition of a Nova Scotia wine is 85 per cent of the grapes need to come from Nova Scotia. It is based on that information that the Nova Scotia Liquor Corporation uses for the allocation to each winery.

MR. HOUSTON: So, I guess what I'm hearing is their volume of wine they can create is restricted by some formula - is that part A?

MR. FRANK DUNN: It would be restricted by the amount of Nova Scotia-grown grapes. To be qualified as a Nova Scotia wine you have to have 85 per cent grape content to Nova Scotia.

MR. HOUSTON: Yes, but can I make as much wine as I want if I respect that and call it Nova Scotia wine, if I respect that?

MR. FRANK DUNN: You could, but what you sell at the farm gate, at the winery, would depend upon the amount of grapes you would have grown yourself or purchased from another grape grower in the preceding year.

MR. HOUSTON: Is it like a supply management of wine? Is a winery restricted on how much wine it can actually sell?

MR. FRANK DUNN: It would be restricted on the amount of wine it can sell at the farm gate, but not in totality.

MR. HOUSTON: At the farm gate, okay. So, we're talking about farm gate, and we're talking about the Nova Scotia Liquor Corporation.

MR. FRANK DUNN: Correct.

MR. HOUSTON: So, the farm gate, there's a basically a cap on how much wine they can sell at the farm gate. Do you have any say over the price? Or do they just sell it for whatever they want at the farm gate?

MR. FRANK DUNN: I'd prefer not to get into price, Mr. Chairman, I'm just cautious of the advice I got from Intergovernmental Affairs with regard to the . . .

MR. HOUSTON: Okay, I just want to be clear that the question is understood. So, if I am a winery in Nova Scotia and I'm making Nova Scotia wine, and I'm using 90 per cent local-grown grapes, and I'm purchasing grapes from elsewhere to make up the difference, and I'm making my wine, and I decide I want to sell a bottle of wine at the end of my driveway to a tourist who happens to be driving by, and I want to sell it for \$10 a bottle, do I pick the \$10 or does somebody tell me how much I can sell it for? It's my winery.

MR. FRANK DUNN: I can say that they are not told the price, they can set their own price. I can tell you it would be market-driven in two ways, the competition within the industry, but also the production of the bottle of wine would need to be taken into consideration when making the price.

MR. HOUSTON: Okay, that's on that part, and I appreciate that you might not be able to answer this, but I just want to make sure that I'm clear on the question. I can sell it at what I want to at the end of my driveway, I also want to sell some to the Nova Scotia Liquor Corporation, do I approach the Liquor Corporation and say, "I'm willing to sell you my wine for X dollars a bottle?" If I sell it for \$10 at the farm gate maybe on a volume discount, I might sell it to the distributor, like Nova Scotia Liquor Corporation for some amount less than \$10 - who determines that price? Is it a negotiated price or is there a formula?

MR. FRANK DUNN: I should clarify a couple of points. There are certain criteria in order for a farm winery to actually be able to sell wine in Nova Scotia, and they're in the farm winery regulations. Very quickly, I can tell the member what they are.

There are certain things that have to happen before you can sell wine at the farm gate. One is you need to be a registered farm, you need to be in compliance with all federal, provincial, and municipal requirements. For a grape winery – which is the majority of the wineries that we have – you have to have at least 10 certified acres of vineyards within 500 metres of the winery, production facility, and for a non-grape winery, at least 10 certified acres of non-grape wine crop land.

The first piece, not anyone can sell wine from a farm gate. So I'll describe it as a hobby farm, they're not able to sell wine on their property. Specific to the question around the price in the Liquor Corporation, I would suggest that is a discussion that happens between the farm winery and the Liquor Corporation, to set the price for that bottle of wine.

MR. HOUSTON: Okay. Basically, what I'm trying to figure out, to be honest, get my head around, is the province makes revenue off the sale of wine through its ownership of the Nova Scotia Liquor Corporation, so it generates money. That's good, that goes into the provincial coffers, but with the other hand, money is being invested in the industry - and to cut to the chase, I'm just trying to figure out why, if the Liquor Corporation is taking too much and not leaving enough with the wineries, such that the province then has to make an investment in the industry, why don't they just take less? That's what I'm trying to figure out, if I go to the Liquor Corporation and I see a nice \$12 bottle of wine, and it turns out that the Liquor Corporation is making \$6 off that and the winery is making \$6 off that, I'm just trying to figure out, is that where the focus should be?

MR. FRANK DUNN: To answer the question, I would say it's a bit of balancing. I can tell you that the wines that are sold in the Liquor Corporation have produced provincial revenues, tax revenues, to the tune of about \$1 million a year. I can tell you that because wine sales happen at the farm gate, a big piece of that is hiring local people and actually enticing people from away to come home, because it's a whole other industry to the tune of about \$14.4 million, is the GDP multiplier.

I think it's a balancing between providing access for people who want to buy a bottle of wine. Obviously there are more stores on the Liquor Corporation side to enable people right across Nova Scotia to buy a bottle of Nova Scotia wine, that's primarily produced in the Valley, but in some other areas as well. I think from a balancing perspective, I think it generates both tax revenue for the province, and it also allows wineries to grow a rural business.

MR. HOUSTON: Does the price that I see when I go into the Liquor Corporation - does the Liquor Corporation charge a straight markup? Is that price always 40 per cent higher than what they paid from the actual producer, or might one bottle be 40 per cent higher, and one might be 20 per cent higher? How is it ultimately priced?

MR. FRANK DUNN: I will say in general terms there is a markup on a bottle of wine. I would prefer not to get into the details, but I can also tell the member that in addition to a markup on the bottle of wine that's sold in the commission, there is also a 5 per cent, I'll describe it, "administration fee" which is charged on the wholesale sales at the winery. So, there are two avenues for the commission to generate revenue, both the price in the store and what they sell, as well as the 5 per cent that they charge as a wholesale.

MR. HOUSTON: Is the markup commission standard or does it fluctuate depending on the producer? Maybe you can't answer that.

MR. FRANK DUNN: I think I can say it's standard.

MR. HOUSTON: Has the department considered going to the Liquor Corporation and saying, why don't you leave more in the hands of the producers? That way the industry

will get stronger and grow on its own more by market forces because then the stronger producers - the more sought-after brands - would be stronger companies.

MR. FRANK DUNN: I would suggest that we, the department, and the Wine Association of Nova Scotia Board, on which the Liquor Corporation sits, have many discussions with regard to the industry and the Liquor Corporation around how to best sell Nova Scotia wines.

MR. HOUSTON: Some of the exports, the 300,000, 400,000, where are those exports going - do you have a snapshot? Is it elsewhere in Canada or is it outside of Canada?

MR. FRANK DUNN: I don't have exact locations. Perhaps maybe the way I can answer the question is I can quickly talk about markets that we're targeting and I would suggest those are areas - it's primarily in Europe. I know that we're targeting the Norway market, and I know that we're also heavily involved in targeting the Chinese market. On the Chinese side, we're trying to also address some issues with blueberries - targeting blueberry wines in China.

MR. HOUSTON: Is there any targeting of the other provinces?

MR. FRANK DUNN: I wouldn't describe it as targeting, I think . . .

MR. CHAIRMAN: Order. The time has expired for that round of questioning. We'll move to the NDP caucus and Ms. Roberts.

MS. LISA ROBERTS: Thank you. I am just going to ask a few questions to try to get some context around the \$3.5 million investment in the wine industry that will be rolling out each year for four years. First of all, is it the continuation of what was the Vineyard Development and Expansion fund?

MR. FRANK DUNN: Yes, I believe that is the name of the program. That's the four-year program.

MS. ROBERTS: So, in the accountability report from 2016-17 the Vineyard Development and Expansion fund was just under \$400,000 - am I right that the following year the funding for that program went up approximately ninefold?

MR. FRANK DUNN: I believe you're referring to the fiscal year 2016-17. I can tell you in that year, as I've described to the previous member, the budget was \$3.5 million. Actually, what was committed or spent in 2016-17 would have been \$3.8 million. I think that reference is just shy of the \$4 million. That would be a reallocation of existing resources in the department to cover off some commitments in the current year - keeping in mind that over the four-year program the total amount of the budgeted allocation is \$12 million.

[9:30 a.m.]

MS. ROBERTS: I'm just going to clarify again - and forgive me, we've been busy for a few days and so I'm trying to understand numbers on documents that ideally, I might have looked at earlier. In this accountability report from 2016-17, it says Vineyard Development and Expansion: \$396,400. That was part of Growing Forward. So, was there an additional amount of money in 2016-17 that was also spent on vineyards that is not in that list?

MR. CHAIRMAN: Ms. Kittilsen.

MS. LORI KITTILSEN: The whole vineyard program consists of four component parts, of which the investments in the vineyards themselves is only one component. That's the grapes in the ground piece. The remainder of the money gets spread out between the quality work that is being done with partners, the marketing initiatives, and research and development.

MS. ROBERTS: So that total package would be . . .

MS. KITTILSEN: The reference to Growing Forward is that we use our provincial money, where possible, to leverage funding from the federal government in the federal-provincial cost-share program that we have, which at that time was Growing Forward. Some initiatives are eligible there as well.

MS. ROBERTS: I can see from Public Accounts Volume 3 that, for example, there is a \$280,000 grant to the Winery Association of Nova Scotia. That would also be part of that total?

MS. KITTILSEN: Yes.

MS. ROBERTS: Again, I'm just trying to understand context. I think of wineries and wine development in Nova Scotia sort of in the same basket as craft breweries, and in the same basket as local food. Does your department have dealings with craft breweries, which is another growing sector in Nova Scotia?

MR. FRANK DUNN: We do. It's somewhat recent. The last mandate letter that my minister received increased his responsibilities beyond wine to include craft beers and spirits that are made in Nova Scotia. I have had conversations with folks around the craft beer industry, and the growing of hops, and that sort of thing. There is not a targeted program now. I can't say whether there will or will not be one in the future, other than to say that the Department of Agriculture is interested in, and committed to, working with all farmers in Nova Scotia. Craft breweries, and the hops side of that, would be one of them.

MS. ROBERTS: Then there's also general agricultural activity particularly aimed at increasing food security and local food production. I'm just wondering, if you look at

that \$3.5 million investment per year in the wine sector, would you be able to give a comparable number for what is invested, or what kind of supports are available, through the department to Nova Scotian farmers aimed at the local food market?

MR. FRANK DUNN: Perhaps the way I can answer the question is by referencing the Estimates that were tabled last year. We have a budget in the fiscal year that we're just ending of just over \$40 million. Of that, programs and risk management make up almost \$21 million. So, about half of our budget is attributed to programs that we have for various commodities. I don't want to get into them and take your time, but we have a number. I would suggest that in addition the dedicated program that we have for the vineyards, half of our budget is attributed to programs to enable the agriculture sector to grow and address food security and a number of things.

MS. ROBERTS: Would that \$3.5 million sit under that \$10 million, or that would be apart from the \$10 million?

MR. FRANK DUNN: No, it would be part of it.

MS. ROBERTS: So, out of a \$10 million total investment in agricultural production, about \$3.5 million of that is currently - well yes, maybe you can clarify it and point out the number we're almost arriving at, I'm not sure if I've got that right.

MR. FRANK DUNN: That's correct. I think the other important thing to remember for committee members though is the agriculture sector and the province also has a program with the federal government. I believe I've heard Growing Forward 2 mentioned this morning; there is a new program. That program expires on March 31st and there will be a new program that will commence on April 1st for another five years. It is a \$37 million program for Nova Scotia, but it's a 60/40 split, so 40 per cent Nova Scotia money will lever 60 per cent federal money.

There are some other areas for the agriculture sector to access program funding other than strictly what is in the Estimates.

MS. ROBERTS: You made reference to the GDP multiplier for investment in the winery sector - could you . . .

MR. FRANK DUNN: It was \$14.4 million.

MS. ROBERTS: That \$3.5 million generates \$14.4 million?

MR. FRANK DUNN: No, the \$3.5 million is the number over four years. That's what we're investing to enable the industry to grow, the actual industry itself, so the sales of wine, the wine tourism that's created, the number of jobs that are created all have an impact on the GDP in the province. The number I have for 2016-17, was that it increased the GDP in the province just shy of \$15 million.

MS. ROBERTS: But in terms like a dollar of increased activity in that sector, what the GDP multiplier of that is, do you have a figure for that?

MR. FRANK DUNN: I do.

MS. ROBERTS: What I would be interested in is the GDP multiplier for, again, just trying to compare these different activities that I see as happening primarily in rural Nova Scotia and having multiplier effects - I'd be interested in the GDP multiplier for the winery sector versus the craft brewery sector versus the local food sector. I don't know if that's possible.

MR. FRANK DUNN: I can get for the member, Mr. Chairman, the number. I can tell you that the multiplier we use is the multiplier that Statistics Canada would have used the last time they generated numbers across the country, which I think was 2013. That's the multiplier we use, but I can get the exact number for you.

MS. ROBERTS: Okay. In terms of who actually gets a grant under this wine Vineyard and Wineries Investment Program, is there an adjudication process or is it like literally you meet the criteria, you get the funding if the pot isn't dry?

MR. FRANK DUNN: There are criteria, and I can briefly outline it for you. The maximum amount on the enhancement or the growing side of the program is \$6,550 per acre. That is for established vineyards - the activities and items that are eligible to be covered are things like land clearing, drainage, planting, trellises and stakes and those sorts of things.

I can tell you that there is a site assessment that's required to ensure the suitability of grape production, so we need to ensure that the money that is going out is actually on a farm that is suitable to grow grapes. That's another one of the criteria.

The eligibility is also limited to commercial growers, so you need to have a minimum of five acres of grapes that are growing, or plan to achieve five acres over the life of the program, so over the life of the four years. That's some of the criteria required, so there is a set of criteria that an individual or a winery or company needs to be able to address before they are eligible.

MS. ROBERTS: Early on in your remarks you referred to 642 jobs currently in Nova Scotia. Can you tell us anything about - I don't know if those are 642 full-time equivalents - are they seasonal jobs or are they full-time jobs? Can you tell us anything about the wage levels of those jobs?

MR. FRANK DUNN: I think it would be fair to say that it's a mixture. The 642 would be direct jobs. There are also indirect jobs that spin off from that. They would be both permanent and seasonal. They are predominantly rural jobs, which is really important in Nova Scotia to grow the rural side.

I can tell you, having conversations with people that work in the wineries, there are a lot of young people that have moved away and have decided to come home, because there is an opportunity to work close to where they grew up in an industry that they love. Also, not only young people - there are older people who have moved away, perhaps decades ago, to seek their future and their way in western Canada when a lot of folks did, who want to come home. So, the 642 would be direct jobs and it would be a combination of young/old/rural.

MS. ROBERTS: And you can't tell us anything about the wage levels? What portion of those would be minimum wage jobs, for example?

MR. FRANK DUNN: I couldn't give you a portion for sure. I would suggest that it's probably a combination of minimum wage - but they are good paying jobs. There would be many jobs that would be above minimum wage. I can get that information for the member.

MS. ROBERTS: I would be interested - thank you. As the province encourages the planting of more grapes and, as you point out, we know that there is a long-time lag from grapes being planted to increased production, I'm interested to understand what was that agricultural land prior to being planted with grapes? Would it be land that was under production for food? Would it be land that was fallow? Are you tracking that? Is land being converted or is land being put into production?

MR. FRANK DUNN: I wouldn't say we're tracking it. I would estimate that it would be a combination of both - both land that was perhaps fallow and not being used, as well as land that may have been used for some other commodity.

MS. ROBERTS: I know - because I just happen to be at an age and in a social circle where I actually do know young farmers - that certainly many people find land prices in the Annapolis Valley prohibitive if they're looking at getting into agricultural production, and so they're trying to establish themselves on what would normally be considered more marginal land. So, I am interested to understand how winery development fits with the goal that I believe is still current, which is to have Nova Scotians spend 20 per cent of food money on local food by 2020. That was under the Environmental Goals and Sustainable Prosperity Act. Are we on track to meet that goal?

MR. FRANK DUNN: I'm told we are. The member raises an interesting file that we probably don't have enough time to get into today, but it is a huge issue - not only for Nova Scotia, but right across the country - and that's the issue about agricultural land availability. The demands that are on agricultural land are very far-reaching, beyond just agricultural uses and needs.

I can tell you that it's an issue for the department that we're working through. I know that it is an issue with the Federation of Agriculture, and they've established a land

use committee. I know it is an issue with Union of Nova Scotia Municipalities and with the local towns and communities around Nova Scotia.

So it is an issue that is not only in Nova Scotia; it is an issue that the rest of the country is grappling with as well, but to answer your question, I'm told that we are on target to meet the 20 per cent.

[9:45 p.m.]

MS. ROBERTS: Two years ago, the accountability report - there was a report on, or there was a tracking of, the number of small farms in Nova Scotia producing local food. It seems like that number is flat. The most recent number I have here is 2,736 farms - or no, I'm sorry. That's the target, to increase the number of farms to 2,736 by 2020.

Are we on track to increase our number of small farms? From the most recent accounting, it looked like we were kind of flat.

MR. FRANK DUNN: I don't have the numbers right at hand. I can get them, but I can say to the member in general that the number of small farms, whether it's in Nova Scotia or in Canada, is an issue. Generally, the trend is that the number of small farms is reducing and farms are becoming larger. Some of it is just economics. Other issues are around succession planning - farms that have been in families for generations are not being passed down to further generations, because the next cohort of young people are not always interested in farming.

It is an issue that both the department and the federation acknowledge. We have several programs to try to encourage young people to stay or get back into farming.

MS. ROBERTS: Thank you. I understand that my time is . . .

MR. CHAIRMAN: You still have a little time left.

MS. ROBERTS: Well, in that case - except hopefully my next question is going to have a long answer, so I think I'll wait. Thank you.

MR. CHAIRMAN: Okay. We'll move to the Liberal caucus.

Mr. Gordon Wilson.

MR. GORDON WILSON: I could have helped her out and continued on with that questioning line if you wanted to, but maybe next time.

Welcome, and thank you, Mr. Dunn. It sounds like this is an interesting topic for Nova Scotia, and an exciting one, to say the least. The way it has been explained in some

cases is that it's a fledgling industry, which is interesting - a fledgling industry that has been around but is really just starting to grow exponentially.

I'm curious about what your thoughts are on the future. What's the potential that this province has to grow this industry? Are there any ideas around that or any thought that's been put forward by the department projections?

MR. FRANK DUNN: I believe there's huge potential to grow the industry. I think the Nova Scotia wine industry is in a unique position for a number of reasons - our climate, our soils, and the ability of government to enable the industry to grow.

I can tell you that there are barriers. We're not naïve enough to think there are no barriers. I mean, we're entering an industry that in some countries has been around since the 1600s or before. But we produce a high-quality wine in Nova Scotia, a wine that is recognized around the world - not just in Nova Scotia, not just in Canada, but globally.

I can tell you that Nova Scotia wines, in a very short period of time, have achieved over 200 international and national awards. Just recently, Benjamin Bridge had one of their wines listed on Mr. Ramsay's wine list in one of his U.K. restaurants. It's very difficult to get onto it.

I did a bit of history on the wine industry. Members may know that the first winery in Nova Scotia was really back around the 1970s, when Roger Dial started Grand Pré Wines, and now we're at a stage where we have 16 wineries in the province, and another four that are growing their grapes but not yet producing. I'm very optimistic that it is an industry that we will be able to be successful in, because our product is unique and of premium quality. If we stick to what we do best, I think we will be very successful.

MR. GORDON WILSON: I will touch briefly on the barriers, but you opened the door for me to have an opportunity to mention the fact that in 2011 there was a festival held in Bear River - it was called Fall for Bear River - and they were actually celebrating the 400th year of the wine industry in Bear River. The French actually brought vines to Bear River, there is a fellow there by the name of Chris Hawes of Bear River Vineyards that has been doing a fair amount of research to try to validate that. It's part of a discussion that's obviously very exciting for us if it is true. I just wanted to mention that fact that the growing of grapes and wine has been in my constituency for a long time.

You mentioned barriers, so what specifically do you see as barriers?

MR. FRANK DUNN: Competition, for one. As I mentioned earlier, the wine business is something that's been around for a very long time. I think you described in your opening comments as our industry being fledgling. I would suggest that is the case and we can continue to grow.

Part of it is the marketing of our wines, and the ability for the rest of the world to know that Nova Scotia wines are of a premium quality. I think if you look at the Vineyard Expansion and Development Program, it's designed to ensure that wineries succeed both in the global market and domestically. To do that, you need to address barriers. So far today, we talked a lot about the expansion piece of the program, but there are also some other things that happen, and are funded and enabled within that program, specifically around research and development, around quality and then a piece around marketing.

You mentioned the grapes grown down in Digby in the 1600s, one of the things we want to ensure, as we enable and help this industry move forward, is that the right grapes are grown in Nova Scotia as well. There is a lot of research and development that goes on to ensure that the right types of grapes are being grown in Nova Scotia to utilize our climate and our soils to the best use possible.

One thing I will say is that consistent with how we tried to deal with many commodity groups, at the end of the day, this is about the industry, the growth. We see our role as enabling and facilitating them to get to where they need to be. I think I've answered your question, that the barriers that need to be addressed is to make sure we have the best quality, make sure we have leading edge research and development so that we know we're growing the right grapes, and the marketing piece of being able to ensure the rest of the world knows what great wine we make in Nova Scotia.

MR. GORDON WILSON: Thank you. I have a couple of quick questions and then I will turn my questioning over to my colleague.

You had touched also on two other interesting numbers of initiatives that are going on in the industry around all of these different things – R&D, quality, and production. I'm more curious about the community college involvement with the assessment mapping project, and also how that might tie into the terroir analysis on the growing regions. Can you give me a bit of an idea of where you are with that and how that is going to impact the future of this industry?

MR. FRANK DUNN: I can tell you - you mentioned the community college initiative - I know that the Federation of Agriculture is also working on a similar initiative in a broader sense.

When we talk about site mapping, what the project is doing is to basically map the province. There are a number of things we look at, whether it is soils, whether it is climate, the number of frost-free days, the average temperature, those sorts of things. The idea with the site mapping is that at the end of the day it is a tool for those who may wish to get involved in the industry, or for those who are currently involved in the industry and may wish to expand, to have more informed information around potential sites where you may wish to grow grapes and make wine in Nova Scotia.

MR. GORDON WILSON: So how will the industry be able to access that information?

MR. FRANK DUNN: All of these research and development projects that are happening happen under the umbrella of a research and development committee, which is a subcommittee of the Winery Association of Nova Scotia. There are members of both wineries and grape growers on the committee.

Any projects we undertake with regard to wine, there are discussions with the industry around whether that is a priority for them. They will gain access to that information just through the committee and the results of the site mapping for the community college.

I can tell you on the federation project there will eventually be a viewfinder which will be accessible not only to those who are involved in the wine or grape growing sector but also to any of the general public who will be able to go in and look at the viewfinder. The federation's goal is to expand beyond grapes so that you'll have this site mapping for different commodities that they are responsible for, but they chose grapes and wine as their pilot.

MR. GORDON WILSON: Just before I turn this over, I certainly do want to thank you, your department and your staff. I know Perennia plays an amazing role in this and, more important, all those great people in the industry who have stepped up.

I'll turn my line of questioning over to my colleague, Ms. Rafah DiCostanzo.

MR. CHAIRMAN: Ms. DiCostanzo.

MS. RAFAH DICOSTANZO: A couple of quick ones - actually one just came to mind. Out of the 16 wineries, are they all farming and producing wine, or can some of them just actually farm it? Are we producing farmers who are just producing the grapes and selling them to people who make wine or are they mainly able to do both?

MR. FRANK DUNN: The 16 I referenced would be those that grow grapes and make wine.

MS. DICOSTANZO: So most of ours in Nova Scotia are doing both - grow it and then make it?

MR. FRANK DUNN: I believe the total - maybe the way to answer the question is around total acres. Of those 16 farms that grow grapes and make wine, the number is just shy of 400 acres. So, the total number of acres in the province today that have vineyards is about 900. It's about half and half, I would say.

There are many individuals who just grow grapes and sell the grapes to one of the 16 wineries, to make wine. It's a combination of both. The grape growers have an

association and the grape growers are also represented on many of the committees we have with the wine association so there's a very close, symbiotic relationship between the wineries that make the wine, and the grape growers that grow the grapes.

[10:00 a.m.]

MS. DICOSTANZO: So, we have a lot more growers than just the 16 wineries that we have.

MR. FRANK DUNN: That is correct.

MS. DICOSTANZO: The other question that I have is, how do we compare our wines to the rest of Canada? Within Canada, how do we compare? How are we competing?

MR. FRANK DUNN: I would say that we're the top-quality wines in Canada. I would hope you wouldn't expect me to say anything less.

I mentioned earlier that we are a province that produces a premium, high-quality wine. I think the proof is in the pudding. All you have to do is look at the number of awards that the industry has won in a very, very short period of time.

MS. DICOSTANZO: Thank you. That's wonderful.

MR. CHAIRMAN: We'll move to Mr. Jessome. You have seven minutes.

MR. BEN JESSOME: I was going to suggest that perhaps the most difficult question to answer today would be, what's your favourite wine?

MR. FRANK DUNN: I do have one, but I remember the old saying that you make one person happy, and you make a whole lot of people unhappy, so I'm not going to say.

MR. JESSOME: I wasn't posing the question.

Ms. Kittilsen, Ms. Robichaud, and Mr. Dunn, thanks for being here this morning. I guess my leadoff question focuses on reference you made to the industry and its turning point, the next level that it reached in the recent past. I'm wondering if you could perhaps pinpoint when either government took a focus on trying to empower and work with the industry, or when the industry became more nationally and internationally recognized. Was there an indicator or a specific rationale for why it went from zero to 100?

MR. FRANK DUNN: I think we shouldn't underestimate the industry here. The development of the Vineyard Expansion Program I think, was at a point in time, when government, after discussions with the wine association, the wineries, and the grape growers of Nova Scotia, realized the potential for the industry.

Many of the accolades that I referred to have happened in just the last short period of time. I attribute that to a couple of things. I think much of it needs to be attributed to the industry and to our winemakers in Nova Scotia, who are a dedicated group of farmers. They are individuals who realize that there is some risk in the industry that they are involved in, but they are very professional and extremely good at what they do.

My belief is that the program that was announced four years ago, before I sat in the deputy's chair, helps to enable the industry. I can't stress enough that if we did not have an industry that was top-notch both from a management perspective and from employees who actually make the wine - we haven't talked about tourism much today.

The wine sector has just exploded the tourism end of things. We don't talk about it a lot. I can give you an example that, if we didn't have this wine cluster that we have, some of these tourism activities would never happen. I think of the Magic Winery Bus, and I think we have all heard of that. That is a bus that picks up individuals in the Atlantic Provinces now. I can tell you that the numbers I saw last year, over 7,300 people took that bus to visit wineries in Nova Scotia, predominantly down in the Valley. The numbers I've seen, it has increased the tourism sector by about \$1.4 million.

Although we talked a lot about wine sales and wine making today, there is a whole other spinoff that generates economic activity, predominantly in rural communities in Nova Scotia, which is very important for the Department of Agriculture.

MR. JESSOME: My next question would be around - I guess I have no problem pumping our tires but you referenced accolades and perhaps I'll give you an opportunity to expand on some of the accolades and the awards that Nova Scotian winemakers can be proud of - through you, Mr. Chairman.

MR. FRANK DUNN: I do have a number of things I can talk about here. I'm just referring to my notes because there are so many, I just want to refresh my memory. I talked about Gordon Ramsay earlier. I think we all know that he is a British celebrity chef and he has actually now listed Benjamin Bridge wine in one of his restaurants in the U.K. That is a huge feat for both the company and for the wine industry in Nova Scotia in general.

I can tell you that, in 2017, Nova Scotia hosted the first National Wine Awards down in the Valley for the very first time. I mentioned that we have won over 200 awards. Some of these awards we've won: Taste of Nova Scotia Award in 2017 for Producer of the Year, which went to Benjamin Bridge; 2017 National Wine Awards, we won the gold medal for a Grand Pré wine, a Riesling. I can tell you that one in every three collectors of those who buy wine in Nova Scotia has bought a bottle of Nova Scotia wine.

I mentioned earlier that we represent about 12 per cent of . . .

MR. CHAIRMAN: Order, time has expired. We'll move back to the PC caucus and Mr. Houston.

MR. HOUSTON: I want to go back briefly to the export situation. You identified some international export markets that are being kind of courted I guess, or reviewed or investigated. In terms of domestically, within Canada, does the department have any position on the interprovincial trade barriers and how we can get our wine to other provinces - is that an active file?

MR. FRANK DUNN: I know it's an active file at IGA, from a trade perspective. I really don't have the information, through you, Mr. Chairman, to answer specifics about what is happening nationally, across the country. I know there is a court case going on in New Brunswick now with regard to an individual I believe brought wine in, or beer and spirits, back from Quebec across the Quebec-New Brunswick border and was charged. So, I know there are issues there.

I think one of the things to remember is from a jurisdictional perspective - the sale of alcohol is controlled by the provinces so it will be an issue for provinces to sort out, to be able to come to that understanding where you can break down those internal country barriers that we have.

MR. HOUSTON: Would you advocate for that?

MR. FRANK DUNN: I believe from a wine perspective, if we can open up our markets it's better for the industry.

MR. HOUSTON: Okay, thank you for that. I do want to talk about our craft breweries. We have some magnificent craft breweries and some very fine local beers. Are you familiar with, as a department, how much locally grown ingredients the craft breweries are using in their process?

MR. FRANK DUNN: Mr. Chairman, through you, I can't give the member an exact number. I would suggest that there's not a whole lot if we're talking about hops for local craft beer. I can tell you I have a member of my family who worked in a craft beer store and I can remember him going to the Valley to pick hops, but there's not a whole lot of local hops grown.

If I might, I can give an example where I think it may be prevalent more across the country than just Nova Scotia. I was recently in Toronto and visited a very famous craft beer outfit in Ontario, Steam Whistle Brewing - and many people may know and have heard of them - and on the tour I asked the question, where do you get your hops? I assumed incorrectly that in Ontario you would be growing your own hops, but the answer was the hops came from Germany.

So, that's one piece. I might point out though that one of the things that we're looking at from an innovation perspective is what other ingredients can we put into craft beers which would make them more uniquely Nova Scotian. So, blueberries come to mind. I recently heard that a local craft brewery is making lobster-flavoured craft beer. But to

answer your question, I would suggest that there are some, but not a whole lot of local hops grown.

MR. HOUSTON: Is that an opportunity for the department to support that industry as well, similar to the wine industry?

MR. FRANK DUNN: I would suggest it is an opportunity. As I mentioned earlier, the minister now has craft breweries as part of his mandate, with distilleries as well. I would suggest that the department, within the fiscal resources we have, try to support all farm commodities, and hops would be one.

MR. HOUSTON: Do you have wish list as a department as to where you would like to kind of start to focus on which crops you'd like to help out a little bit more?

MR. FRANK DUNN: I don't have a wish list, no.

MR. HOUSTON: But do your colleagues?

MR. FRANK DUNN: I think I would answer the question much the same as I did before. I know our department is always open to discussing issues with commodity groups right across Nova Scotia. We talked to the Nova Scotia Federation of Agriculture, which represents those commodity groups. If there - and I say "if" because I'm not sure if there's an association that represents hop growers or craft beer operators, we'd be more than happy to sit down and discuss their issues with them.

MR. HOUSTON: Do you hear much, as a department, kind of flack from supporting the wine industry but maybe not the other industries?

MR. FRANK DUNN: I have not. I look to my colleagues. I have not heard that.

MR. HOUSTON: Okay, and the wine program is in the second year of five, I guess?

MR. FRANK DUNN: We're finishing, well, the second year of four, I guess, you would call it. If you want to count the 2015 \$1 million over five, so, we would be finishing up year three, right. So, there would be two more years of the program after the end of this fiscal year.

MR. HOUSTON: Are there some producers who would kind of grow their way out of eligibility for the program? So, in other words, if it's an incubator program and you're helping producers get to a certain stage, do they kind of grow out and then you kind of focus on new opportunities, again, new producers or - I guess people would always be concerned that the biggest, most successful companies always seem to get the lion's share of the funding. I guess that's kind of a famous concern across all governments, probably in every jurisdiction in the world, but that's what people worry about.

[10:15 a.m.]

MR. FRANK DUNN: I mentioned previously that the criteria around the program - I won't repeat them other than to say that there is a criterion that you need to have at least five acres. As far as I'm aware, there's no upper limit on acres that would allow you to have access to the program.

This program is for commercial growers. It is not for, as I describe them, hobby farmers. This is for commercial growers, because the province's number one mandate is to grow the economy. With the finite resources that we have, we believe that our money is best spent for those individuals who are commercial growers who can make a difference in Nova Scotia from an economic perspective.

MR. HOUSTON: Are you processing applications for this year right now?

MS. KITTILSEN: We process applications as they come in. If there was something coming in for the 2018-19 year now, we would be looking at that and going through the process with them.

As of yet, we have not had to close the program and deny anyone an application based on funding. If someone has been denied, it would be based on eligibility to the program.

MR. HOUSTON: So even in the past couple of years it has never reached capacity?

MS. KITTILSEN: No, it has been running continuously.

MR. HOUSTON: How close have you come to . . .

MS. KITTILSEN: To cutting off funding?

MR. HOUSTON: Yes. If it's \$3.5 million for the year that's ending, how much would you have distributed?

MS. KITTILSEN: The \$3.5 million, as we've mentioned before, is structured into four areas. The expansion program itself funds the grapes in the ground portion. For this year, 2017-18, all I can comment on is the amount of funding that we've actually committed to growers.

They're now in the process of processing the claims that have come in against those commitments. We had commitments at just over \$1.2 million of a forecasted \$1.9 million. We allowed a \$1.9 million potential commitment in that area, and the industry didn't quite fully step to what we thought they might, but the \$1.2 million, we should be very close to them probably claiming on that.

We typically have claim rates below 100 per cent. That's normal, because everybody does not claim the 100 per cent they would forecast the expenditures to be.

MR. HOUSTON: So there is some excess capacity?

MS. KITTILSEN: Yes, so far. We have a forecast of \$1.5 million for 2018-19 for the grapes in the ground portion of that program.

MR. HOUSTON: Of \$1.5 million, part of \$1.9 million?

MS. KITTILSEN: No, sorry, \$1.5 million in 2018-19 would be the portion that we are forecasting that we will potentially do. We would put roughly half of the money in 2018-19 to grapes in the ground.

MR. HOUSTON: The other half would go unused?

MS. KITTILSEN: No, that goes to the quality or the marketing or the research component of the full program.

MR. HOUSTON: So it gets used somewhere?

MS. KITTILSEN: Yes.

MR. HOUSTON: What types of expenditures would there be in the marketing part of that? Is that an individual grower who says, I need some money, I need some help with marketing?

MS. KITTILSEN: Yes, we do marketing initiatives to individual growers as well as to the association. WANS primarily represents growers that have wineries, so we would fund them on initiatives as well. In the marketing space, we work quite collaboratively with ACOA and NSBI and others to pull those marketing initiatives off so that they achieve the maximum success.

MR. HOUSTON: I would have thought there would be some overlap there, especially with NSBI. How would that work? Would a producer receive money under this program, and then that becomes a matching with NSBI?

MS. KITTILSEN: It depends on the initiative. We look at the initiatives very individually and do individual assessments and work with marketing expertise within our department and across other departments.

MR. HOUSTON: Do you have at hand how much was spent on marketing in the year that's about to end now?

MS. KITTILSEN: Just shy of \$300,000.

MR. HOUSTON: Okay. Would that have gone to - I don't need to know the names, necessarily, but how many different organizations would have received that funding?

MR. CHAIRMAN: Mr. Dunn.

MR. FRANK DUNN: I have it handy here, so I can answer the question. There were a number of projects. Grand Pré's Pomme d'Or Apple Cream Liqueur international marketing program so that was to a specific winery. The Wolfville Magic Winery Bus marketing initiative which we talked about already, the Nova Scotia wine marketing strategy, to actually develop a strategy, which is currently still being developed. Our Tidal Bay marketing campaign, so that would be a marketing campaign for all the wineries that produce Tidal Bay. Looking at a wild blueberry wine label design and part of that is to try to access the China-Asia market, and some funding for the industry to participate in the 2018 Vancouver International Wine Festival.

MR. HOUSTON: I guess I'd close with a question of whether you feel like you are getting bang for your buck under this program. If I look at the Liquor Corporation's most recent quarter, I see cider sales up by 50 per cent, 60 per cent, craft beer sales up by 50 per cent, 60 per cent, wine sales up by maybe 15 per cent. I'm just wondering what's your level of confidence that the program is being successful?

MR. FRANK DUNN: I'm confident that we will continue to grow the wine sector in Nova Scotia. As I mentioned earlier, I describe it as a bit of a fledgling industry. It is an industry that I believe has much potential, and based on some of the accolades and things we've talked about today, is starting to achieve that potential. It is also an industry that we need to be patient with, and continue to grow.

I think we talked a lot about the Vineyard Development and Expansion Program and I think that . . .

MR. CHAIRMAN: Order. I'm sorry, time has expired. We'll move to the NDP caucus, Ms. Roberts.

MS. ROBERTS: Before I move on to another topic I want to come back to the Vineyard Development and Expansion Program. In our package, we had a list of grants distributed in 2015-16. I was surprised to see there was one to Fox Harb'r Resort for \$57,500. Can you explain how - I don't think of them as a vineyard.

MR. CHAIRMAN: Ms. Kittilsen.

MS. KITTILSEN: They actually are. They do have a vineyard there, they are on the list of a vineyard, a grower. They would be more in the category of a grape grower, not a winery. They do meet all the requirements of the program.

MS. ROBERTS: Okay, thank you. I'm going to switch for a moment to cannabis which is obviously very topical right now. I'm just wondering, Mr. Dunn, if your department has thoughts or plans around supporting local cannabis production. I'm kind of thinking that it, too, could be considered a fledgling industry in that we certainly don't know exactly how it's going to develop over the next while.

MR. FRANK DUNN: I'm not sure, Mr. Chairman, whether cannabis would be related to wine development.

MS. ROBERTS: I appreciate that. I'm asking you, as Deputy Minister of Agriculture, is there a program where cannabis production could fit, or expansion of cannabis production in Nova Scotia?

MR. FRANK DUNN: Perhaps I'll answer that in a general way. The cannabis file is not a file that Agriculture is a lead department on. I'm not going to get into the specifics around the cannabis report that came out in December. I can tell you, though, that the licensing of a production facility, i.e. those that would grow cannabis in Nova Scotia, is the responsibility of the federal government. It is the responsibility of Health Canada, actually.

There is a website that Health Canada has which actually posts the cannabis licences that have been issued for each of the provinces, and I believe they have issued three licences in Nova Scotia, which I believe is public information. It's on the website. Those production facilities would be the responsibility of the federal government, to be able to decide where cannabis will grow. The province's role is more in distribution and regulation, which would be outside my realm in Agriculture.

MS. ROBERTS: We have heard concerns from breweries and winemakers that the government's plan to use NSLC facilities to sell cannabis may reduce shelf space that is currently allocated to local product. Have you been hearing those same concerns, or do you have anything to shed light on that?

MR. FRANK DUNN: Through you, Mr. Chairman, I haven't heard those concerns. I would suggest that would be a question you would need to ask the Department of Finance and Treasury Board - they are responsible for the Liquor Corporation.

MS. ROBERTS: Are you hearing any interest from existing farmers in diversifying their crops? I understand what you mean in terms of production facilities, and maybe I'm behind on this file, but I still picture cannabis as a plant that might be planted outside and not just in a - I know that there was talk of using an old industrial facility in Bridgewater, but I'm still envisioning it as something that could be grown on Nova Scotia agricultural land. Are you hearing interest in that?

MR. FRANK DUNN: A farmer in Nova Scotia will not be able to - I don't want to make light of this - just go out and grow cannabis. The only production facilities that will

be allowed to grow cannabis would be those that would be decided by the federal government.

MS. ROBERTS: I understand that climate change is making it possible to grow more types of grapes here in Nova Scotia, because of the warmer conditions, but of course, at the same time we're expecting more extreme weather events, which also make producing what we have grown to date perhaps more challenging. On balance, as we look forward, do we see climate change being more positive or more negative for, specifically, grape growing in Nova Scotia?

MR. FRANK DUNN: Based upon some recent climate change projections that I have seen for Nova Scotia in general, particularly around frost-free days in Nova Scotia, I would suggest that climate change, from a growing potential when it comes to grapes, will be positive. I think the number of frost-free days actually increases by 10 days or so, by 2035, based upon the models that I have seen.

I can tell you that the types of grapes that we grow today depends on a number of factors. Climate change being taken into consideration, we haven't talked a whole lot about the viticulturist that Perennia has hired. This individual is a very well-educated professional when it comes to the wine industry, and he is engaged with all the wineries to determine what the best types of grapes are to grow. I can tell you, if you look at the expansion program that we've talked a lot about today, the three top grapes that are being put into the ground today are L'Acadie Blanc, Chardonnay, and the third escapes me - Riesling, I believe.

There's a lot of science and research that goes behind the types of grapes that winemakers are putting into the ground today. That's because we want to expand our marketing efforts, our global reach, and ensure that we continue to produce a premium, high-quality product.

MS. ROBERTS: Related only perhaps to climate change, we've also been hearing concerns about the Chignecto Isthmus and the vulnerability there in terms of climate change and dikes. Is your department involved in long-term planning for reinforcing and rebuilding or making dikes higher so that we can avoid the worst impacts of climate change?

[10:30 a.m.]

MR. FRANK DUNN: Yes, the department is involved. We have a branch within the department that is responsible for dike maintenance - I describe it as enhancements or improvements, both improving the structural integrity of existing dikes and also increasing the height. I believe the dollar amount in our budget this year is somewhere around \$2 million.

We also lever a lot of that money with federal disaster programs, specifically on the isthmus. We are involved in that file, and it is an interesting file because there are multiple players involved - the federal government is involved; I know that our Department of Transportation and Infrastructure Renewal is involved; and the provincial government in New Brunswick is also involved.

It has been in the news a fair bit the last little while. It is a priority. It is a priority for all of the players that I've just mentioned.

MS. ROBERTS: As your department is obviously coming at it from an agricultural and also, I hope, food security perspective, would you agree with the assessment that I have heard that if the Trans Canada and the railway track were disrupted at the Isthmus of Chignecto it would be less than a week before we would see food shortages in Nova Scotia - is that the sort of analysis that you're engaged in at a department level?

MR. FRANK DUNN: I haven't heard that number; in fact, I can't give you a specific number other than to say it is a well-travelled highway. If that roadway was to be out of commission for a period of time, it would obviously have an effect on food transportation in and out of Nova Scotia.

MS. ROBERTS: In my remaining few minutes, I would be very interested in hearing as many thoughts as you can share related to agricultural land.

I've also been speaking about this with some members of the UNSM, and the particular concerns that I'm hearing are related to perhaps some perverse incentives, or lack thereof, related to how agricultural land is taxed, that there is no incentive to actually keep agricultural land in production because it's taxed as agricultural land regardless of whether it is leased or actively used and, therefore, it's easy for someone to end up sitting on land which could be in demand for local food production, but there is no incentive at all to lease it. Please share your thoughts on the situation that we're in with agricultural land.

MR. FRANK DUNN: As I mentioned earlier, the situation with regard to agricultural land in Nova Scotia in some ways is no different than other parts of the country. I can tell you that it is on the department's radar, if you want to call it that. I know that the Federation of Agriculture also realizes that it is an issue; they have a Land Trust Committee that is looking at those issues - and I'll talk a little bit about the issues in a minute - we also have staff working on what the issues are, and possible solutions.

When we talk about agriculture land availability in Nova Scotia, it's important for a number of reasons. You mentioned food security before. Obviously the more agricultural land that's available for farming, we can create rural jobs, improve the economic conditions and that sort of thing.

There are a lot of pressures on agricultural land in Nova Scotia. One of the issues that we are dealing with, with UNSM, which has actually had several presentations from

government entities in the last little while around the land issue, is that there needs to be better planning at a municipal level, with regard to land use.

Don't get me wrong. I'm not naïve enough not to think that there are many pressures on municipalities as well. They're trying to grow their tax base, and there are multiple demands for agricultural land, much of it maybe of a commercial nature. There are other demands for land use. It's not only land that falls out of the . . .

MR. CHAIRMAN: Order. Sorry. Time has expired. We'll move back to the Liberal caucus. Mr. MacKay.

MR. HUGH MACKAY: How much time?

MR. CHAIRMAN: You have until 10:50 - 14 minutes.

MR. MACKAY: Thank you for all the good information you're sharing with us today. This topic is certainly one of good news for Nova Scotia, and I'm glad to see that the department is so actively pursuing this on behalf of the grape growers and the wine producers.

I think my colleague from Halifax Needham raised an interesting point a moment ago when she spoke of dike protection. With both coastal erosion and erosion of other forms that is occurring as a result of nature and global warming, we're all certainly very concerned about that, and protection of our agricultural lands. The department has been involved, I believe, with the federation in a project called AgriRisk, which I believe is a bit of a risk assessment program. I believe that dike protection, dike sustainability, is part of that program. I'm wondering if you could expand upon that, either yourself, or perhaps Ms. Kittilsen in her role of risk management.

MR. FRANK DUNN: I can start, and maybe Ms. Robichaud next to me - actually one of the units within her branch is responsible for dike maintenance. She may have a few comments that she may want to add.

On the AgriRisk project, as I mentioned earlier, this is a project that the federation is involved in with a number of stakeholders that includes Nova Scotia Community College and includes the GeoNOVA group. There are a number of attributes that they are developing which they'll be able to layer - I'll describe it that way - over the Province of Nova Scotia. I talked about a lot of them today.

One I did not talk about, though, is the impact of sea level rise as a result of climate change. They are working on that as well. It's a Viewfinder type of application so that anyone who has access to the Internet can go in and play around, as I describe it, with what they can and can't do. I am told that when they are finished, you will be able to see on a map the area of the province that will be impacted over time, because of climate change.

From the department's perspective, it will also be able to tell us, of the 260-kilometre dike system we have in the province, which parts of that system would be most impacted by climate change, i.e. the change in water levels. It is a project that is going to be helpful for us in not only the ability to look at other climate change activities but also the ability to help inform us where money is best spent on our dike management system.

I might add that it is very important not only from an agricultural perspective, protecting agricultural land, but many towns and communities, primarily in the Annapolis Valley, but in other areas of the province as well, are protected by these dikes. So, it's not only an agricultural issue that we need to be aware of, it's also the issue of towns and communities that have been built along the coasts. Loretta, I don't know if you wanted to add anything.

MR. CHAIRMAN: Ms. Robichaud.

MS. LORETTA ROBICHAUD: I'll just add to what the deputy alluded to with regard to the project. It is a very user-friendly risk management tool. It will have tremendous benefit to the agriculture industry in Nova Scotia.

More specifically, once the federation has wrapped up its work on this project, it has applications beyond just the commodity they are working with now, which is primarily the grape industry.

Our unit within the Department of Agriculture is really focused on land protection and maintenance of dikes, the 261 kilometres the deputy alluded to. We have over 200 structures related to aboiteaux that need annual maintenance and we need to have resources dedicated to those, and they are limited by times. The benefit of having a tool like this is we can very strategically point to the areas that are at greatest risk and begin there, so we ensure that not only the agricultural lands, but our somewhat expanded mandate beyond agriculture to protection of roads and hospitals and schools and infrastructure, are also a consideration when we're populating this tool.

I think it's a tremendous piece of work. It will be very user-friendly and it will be beneficial in many regards.

MR. MACKAY: Thank you very much for that. I understand this was a pilot project done in co-operation with the federal government and other provincial departments, such as Environment. As a pilot project, and also one which I understand is ending on the 31st of March of this year, is there a follow-on to that? Are there next steps and could you describe what those might be?

MS. ROBICHAUD: Once the pilot wraps up, AgriRisk as a federal program has other streams - we would be interested in pursuing additional partnerships for continuation and implementation beyond the current pilot. We are evaluating that now with the key partner in the lead, which is the Federation of Agriculture. If we deem there is an

opportunity to tap into the additional streams under the federal-only programming, we will pursue that, realizing that it is an opportunity to complement the investment we are making here provincially into the entire system.

MR. MACKAY: Thanks very much for that. The minister has a Wine Development Board, is that correct? I'm wondering if you could expand on that for us, and tell us perhaps a bit about how it is developing a vision for our wine sector here in Nova Scotia?

MR. FRANK DUNN: Through you, Mr. Chairman, the minister does have a Wine Development Board. I believe it was established somewhere around 2014. It is a board that has - and I can list the representation here but I won't get into it, other than to say there are numerous industry members, both small vineyard owners to larger winery growers. There are also departmental staff.

This board is a mechanism that the minister uses to engage the industry. I mentioned earlier that I see the department as an enabler in helping this industry grow, but we don't do it without consulting with the industry because at the end of the day, it's the industry that will need to drive this. The minister meets with them on a very regular basis, I would say at least once a month. There are several subcommittees from that Wine Development Board as well. There is a committee on quality, there is a committee on research. If you noticed the tie-in, that many of the subcommittees tie into the components of the expansion program.

We have active engagement with the industry. It is a process that my minister follows on all commodities. He engages with the industry and the department engages with the industry on a regular basis. Our belief is that we need to talk to the industry in order to make sure their priorities are what we are addressing.

[10:45 a.m.]

MR. MACKAY: I'm always curious as to what I and my colleagues as individual MLAs can do to assist some of these good news stories. My constituency is a very beautiful one, but I don't think it's known as much for agriculture as it is for sailing and other sorts of things down in Chester-St. Margaret's. I know that Ross Farm up in New Ross is experimenting with the growing of hops, which I won't go into just now - several of my colleagues have already asked questions about that.

Do you have any thoughts on what individual MLAs can be doing to assist - not just in the wine sector, but in the Department of Agriculture overall? What can we be doing? Any suggestions?

MR. FRANK DUNN: I would suggest there are a number of things you can do. First of all, when you have conversations with your local constituents - it is surprising. I have learned over the years that often ordinary Nova Scotians don't understand or don't

know what government is doing. I'm often joked with by my family members that I live in somewhat of a bubble when it comes to what we do.

I would say that I encourage all MLAs to understand what government and what the Department of Agriculture do for the citizens of Nova Scotia, so that when you get the opportunity to talk to your local constituents and let them know - I'll give you an example. Recently, the federal government's deputy minister - there was a shuffle, and the new deputy, who is from Ontario, is now the deputy at the federal level. I had an opportunity to meet him about a year or so ago. We meet on a regular basis, but he's from Ontario, so he was bragging about the Niagara Region. I said to him, you need to come to Nova Scotia and go visit the wineries in the Valley.

He actually came to Nova Scotia, and unbeknownst to me, he had asked his staff to set up a mini tour of the wineries in Nova Scotia. It's an example - a federal deputy of Agriculture has a lot of influence. Whenever we can inform and educate people about what we're doing here in Nova Scotia, it all helps at the end of the day. Whether that's MLAs talking to their constituents or when you're performing your duties outside of Nova Scotia, it's all positive.

MR. MACKAY: Any final comments in regard to the Vineyard and Wineries Investment Program? Just to expand on it further - this does seem like a great success. Do you have any further comments that you would like to address to that?

MR. FRANK DUNN: I would say that it has been an extremely useful program. As my colleagues have mentioned, it is a program that has been well utilized. It is a program that has targeted all the key areas when it comes to expansion, quality, research and development, and marketing.

We need to realize that winemaking and grape growing in Nova Scotia are a firm commodity, but it does take some time to see the results of your investment. I hope in 20 or 30 years, whoever is sitting in my chair can talk about all the great things that are happening in the wine sector and how it all started back when the Vineyard Expansion Program took place. I think it has been very successful.

MR. CHAIRMAN: Order. The time has expired on a very successful note.

Mr. Dunn, you have an opportunity to provide some closing comments.

MR. FRANK DUNN: Not much, Mr. Chairman, other than to say thank you to the committee for inviting us today to talk about a file that the department and my minister for sure, and I believe the government, is very proud of. I think it's an industry that will continue to develop and expand and one that we can all be proud of. With that, I'll conclude my comments.

MR. CHAIRMAN: Thank you and thank you to your colleagues for being with us today and answering our questions.

We do have some committee business. We had two pieces of correspondence, one from the Department of Community Services related to our January 31st meeting, and another piece of correspondence from Service Nova Scotia related to our February 7th meeting. Are there any questions or comments on that correspondence?

Hearing none, as a point of interest, on September 24th and September 25th in Charlottetown, there will be a Canadian Council of Public Accounts Committees conference. I've spoken about this previously. Usually, a member from each caucus attends. It may be something you wish to put in your calendar now and start thinking about. You may find the conference helpful because you'll get to see what other practices are in other jurisdictions and you can speak with people on other committees around the country, see what they do, and share questions and ideas. I just bring that as a point of interest for you.

We have a briefing coming up with the Auditor General on March 28th. On that day, the Department of Environment will be our witness and we'll be discussing the November 1, 2017 Report of the Auditor General, which has recommendations for the Department of Environment. We are scheduled to have a briefing that morning at 8:30 a.m. and I just wanted to make everybody aware of that. I don't know if there are any questions about that.

Mr. Gordon Wilson.

MR. GORDON WILSON: I'm assuming that that briefing is going to be here.

MR. CHAIRMAN: Yes, it will be here, just before the meeting.

MR. GORDON WILSON: Is that in camera?

MR. CHAIRMAN: Yes. I don't know, we could have a longer briefing if you'd prefer but it's entirely up to the committee. I just wanted to discuss it here if anybody had any thoughts.

Ms. Roberts.

MS. ROBERTS: Especially given the pace at which we're working right now in the Legislature, I'm quite open to having a briefing where the Auditor General recaps some of the conclusions of the Auditor General's Report on which we are to question the Department of Environment. My personal preference would be that that half-hour briefing not be in camera. I don't see - I appreciate that he's helping us to step up our game but I don't see any reason to have that in camera, myself.

MR. CHAIRMAN: Well, I think the past practice has been for it to be in camera so that members can feel comfortable if they're asking questions for clarification about what the Auditor General has written. Ms. Roberts.

MS. ROBERTS: I just wanted to make a somewhat cheeky comment that I like to ask my dumb questions in public.

MR. CHAIRMAN: There you have it. Well, it is up to the members.

Mr. Houston.

MR. HOUSTON: I would support Ms. Roberts in just having that as an actual meeting. Maybe we have 8:30 a.m. with the Auditor General kind of running the show, and then at 9:00 a.m. the witness comes and responds to the findings of the Auditor General's Report. I'd be happy with that.

MR. CHAIRMAN: Thank you, Mr. Houston. We also have a comment from Mr. Porter.

MR. CHUCK PORTER: Thanks, Mr. Chairman. I know I don't sit on this committee anymore as a full-time member but I did for a very long time, many, many years. Quite honestly, I could never figure out why do the AG in camera for half an hour or whatever it used to be and then we just went out and it was all public anyway. It never really made much sense.

I know everyone's busy, especially at this time of the year when the House is in session and so on. I think we would also support the idea of a public meeting. I see nothing that has been in any of those meetings in past years - I think I sat nine years out of the 12 that I've been here on PAC and I don't know that there was ever anything in that meeting that wasn't public within a few hours' time anyway. In those updates, I don't know of anything that would've ever required to really be an issue of an in camera in this House.

So, I would certainly support that, others as well, and the need quite frankly, to even have the briefing, why wouldn't it just be part of the 9:00 a.m. meeting moving forward? That being the case, the meeting is 9:00 a.m. to 11:00 a.m. and all things should come out within the 9:00 a.m. to 11:00 a.m. meeting as opposed to an extra half an hour added on somewhere that may not be necessary if we're not doing something in camera, I guess is what I am getting at there - just my comment.

MR. CHAIRMAN: Sure, thank you, Mr. Porter. Just for clarification, the 9:00 a.m. to 11:00 a.m. meeting is with the Department of Environment, and this would be with the Auditor General, but your points are on the record.

Mr. Wilson.

MR. GORDON WILSON: I agree also, you know, we are very busy now and to maximize use of our time I don't have a problem foregoing the briefing. I think, personally, I'd be comfortable just going right into the 9:00 a.m. meeting, and having it from there if that's acceptable to my colleagues.

MR. CHAIRMAN: Okay. Would all those in favour of dispensing with the Auditor General's briefing that morning, and going right into the - we almost have two motions before us here, I think. The first point of conversation was about whether or not we should have the briefing in camera, or open to the public. The second issue, I think Mr. Wilson, is what you just brought up, whether we have it at all.

So, let's start by asking do people want the briefing, and then we will decide whether or not it will be in camera or in public.

Would all those in favour of having the briefing with the Auditor General that morning, please say Aye. All those opposed to having the briefing.

Okay, in fairness, not to put the members on the spot there with being opposed, so, if there is interest by some members, then we will have the briefing.

Mr. Wilson.

MR. GORDON WILSON: I would say if we're going to be having it, it's going to be in camera. I can't see how you're going to have a briefing in open and then . . .

MR. CHAIRMAN: Well, we've just been discussing that, and I thought there was some consensus that we would have it open to the public.

MR. GORDON WILSON: Again, I just question the need to have that when we're going to have the Department of Environment in here to give us a full amount of information, and lots of time to digest what their comments are. We certainly, I assume, would be getting an information package the week prior on the status of where that report is. Again, usually there is not an awful lot - and I know we are getting near the time . . .

MR. CHAIRMAN: Do I have agreement from members that we will extend our meeting beyond 11:00 a.m. briefly? It is agreed.

Okay, so the briefing, we will be having it. I recommend that we continue to have it in camera since there are mixed feelings on it, and because that's always the way it has been. I don't want this to become a big issue. Is there anybody who feels significant disagreement with that?

Mr. Porter.

MR. PORTER: Thank you, and I am not in disagreement. Again, I'm not on the committee regularly, but my experience here would suggest that's fine, Mr. Chairman. Probably good for discussion though on its own somewhere, just about as you set future agendas where we're going by way of direction, the full committee at that time, your regulars should probably have some further discussion on that. Maybe they will see some need to have it, or not, on that process.

So, I would just add that to it, and it's not my place to really move it.

MR. CHAIRMAN: Thank you, Mr. Porter. I would propose that we discuss this at subcommittee. So, our clerk can put that on the agenda for the next subcommittee meeting. I honestly didn't think that one would raise so much interest, but we will discuss it at subcommittee.

The last issue on the agenda here is on March 27th, in Ottawa, the federal CESD, which I believe is the federal Office of the Auditor General. (Interruption) Mr. Spicer, can you clarify who that organization is?

MR. TERRY SPICER: Maybe if I could take a minute to explain this. About a year and a half ago, all the Auditor General Offices across the country decided to do climate change audits on their particular jurisdictions. Each one of the Auditors General at that time would do their audit, and report it to their jurisdictions which we would have done on November 17th. At the same time, they decided that for the benefit of all Canadians, they would take the results of each one of those jurisdictional audits, and the federal audit, and combine it into one report that could be digested by all Canadians.

Coming up on March 27th, that particular report is going to be tabled in the federal House as well as here, and in a number of jurisdictions across the country. I believe we had mentioned that to this committee during the November 1st discussions on the climate change report. The Auditor General in the office wanted to make the committee aware of that, and we're wondering what, if anything, the committee would want related to that report, understanding there's no new information related to Nova Scotia in that report. It's really just taking what was in the report you already received, and combining it with what the other provinces have found. It's just in respect to the committee and in respect to the House that we'll be tabling that report in the House on March 27th.

Just following that, on March 28th you have the Deputy Minister of Environment coming in and he will be aware of the content of that report. You will have been able to look at that report on the 27th if you so choose or wish, you would have them here to ask any questions about it. As well, if we're doing a briefing on the morning of, any questions that you may have for the Auditor General, he could respond to at that point in time. That's the scenario. It's kind of unusual that in my time here, we've maybe only done one or two reports where all Auditors General would have been signature to and tabled. It's just a little unusual, that's all.

MR. CHAIRMAN: Okay. Our next meeting is on March 28th with the Department of Environment to discuss the November 1st report of the Auditor General, which has sections on climate change. This report is coming out the day before, it's probably going to be in the news, it's probably going to be something members may wish to ask questions about, and the Auditor General's office, as Mr. Spicer has indicated, is offering us support if we need it as a committee in terms of briefings, in terms of anything we might need.

Do members have any requests they want to make?

MR. GORDON WILSON: Did I understand you to say that there's no new information that will be in this report with regard to Nova Scotia?

MR. SPICER: That's correct.

MR. GORDON WILSON: My question would be, what will we be briefed on?

MR. CHAIRMAN: I think it's more of an open-ended question from the Auditor General's office. If you feel you need support with anything there, I'm making the offer.

MR. GORDON WILSON: When the report becomes available and is tabled in the Legislature on the 27th, is it also available online? How early would it be available online?

MR. SPICER: I'll have to get back to you on the specifics of when it will be available. Usually, I would guess it would be fairly early on the 27th but I'm not sure what the federal process is for tabling in their House. I can get back to the committee exactly when that would be available. As I said, the Auditor General will be available on the 28th and if you had specific questions we could make ourselves available later on the 27th after it's a public document.

MR. CHAIRMAN: Everyone satisfied? Any further business to come before the committee? Hearing none, this meeting is adjourned.

[The committee adjourned at 11:04 a.m.]