

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, June 6, 2018

Legislative Chamber

Rural Internet Middle Mile Project

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Public Accounts Committee

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Mr. Hugh MacKay
Mr. Tim Houston
Hon. David Wilson
Ms. Lisa Roberts

[Mr. Allan MacMaster was replaced by Mr. Brad Johns.]
[Mr. Hugh MacKay was replaced by Ms. Rafah DiCostanzo.]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Ms. Nicole Arsenault,
Assistant Clerk - Office of the Speaker

Mr. Andrew Atherton,
Assistant Auditor General

WITNESSES

Department of Business

Mr. Bernie Miller,
Deputy Minister

Mr. Kent Roberts,
Managing Director - Business Relations & Innovation

Ms. Monique Arsenault,
Director - Business Relations & Innovation



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, JUNE 6, 2018

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN (Mr. Gordon Wilson): I'd like to call the meeting to order. Good morning, everybody. I'd first ask everybody here if they could place their phones on silent or vibrate.

I'll start with asking the committee members to introduce themselves, starting with Ms. DiCostanzo.

[The committee members introduced themselves.]

MR. CHAIRMAN: Today on the agenda we have officials from the Department of Business with us here to discuss the rural Internet Middle Mile project, so welcome. I would ask you to introduce yourselves and when you are done with that, you can start with opening remarks.

MR. BERNIE MILLER: Thank you very much, Mr. Chairman. Thank you for the opportunity to be here today to discuss the subject of today's meeting, the rural Internet Middle Mile project.

I'd like to introduce my two colleagues who are here with me, to my right is Monique Arsenault, the Director of Business Relations and Innovation, and one seat over is Kent Roberts, the Managing Director of Business Relations and Innovation, the Department of Business.

I'll be making some brief remarks. This my second visit here and I will be briefer this time than last time. I do have two reports I would like to table - would now be the opportune time, Mr. Chairman, to table the reports? What I've tabled is the Brightstar *Middle Mile Strategy* and *Last Mile Strategy*, the *Last Mile Strategy* having just been recently concluded.

Before I begin discussing the Brightstar Middle Mile and Last Mile Strategies I want to outline why high-speed Internet is so important for our province, especially rural Nova Scotia, and why it should be considered as strategic economic infrastructure. We know there's a positive correlation between high-speed Internet and positive gross domestic product or GDP growth. A number of studies, including reports from the World Bank, McKinsey Global Institute, and the Organization for Economic Co-operation and Development show the economic importance of high-speed Internet to economic growth. These studies demonstrate the power of the Internet to drive growth, especially for small and medium-size enterprises.

Effective high-speed Internet gives small and medium-size enterprises the opportunity to operate globally, to connect to the global economy and a chance to improve their productivity. For a province like Nova Scotia with a large number of small and medium-size enterprises dispersed throughout the province and multiple small and medium-size enterprises engaged in export trade, this connectivity is particularly important. If you look at our agricultural and fisheries sectors, we know that this type of investment will drive productivity growth.

These digital dividends can also be found in public fields like education, health and the delivery of public services. Briefly, we know the value of online student resources, distance education, PowerSchool platforms and Telehealth opportunities. As Nova Scotians, we want our governments to provide more services online and, as government, there is both an economic and a service delivery incentive to deliver public services on a digital platform as well as in person. These are some of the strong reasons why Nova Scotia requires a vibrant, rural, high-speed Internet system.

Recognizing that the Internet is key economic infrastructure for the province and recognizing there will be a large role for the private sector in developing high-speed Internet, government has decided to procure independent advice on the costs and technical solutions. Really, the two reports that were tabled were independent advice to inform our strategy - not on its own to set our strategy but certainly to inform our strategy. So our independent advice is contained initially in a 2016 consultant report titled *Review of Alternatives for Rural High Speed Internet*, as well as the Middle Mile and Last Mile Strategies tabled today.

Ernst & Young worked on the initial strategy and they recognized that it's not economically feasible for the private sector to deliver high-speed Internet to all parts of the

province. Therefore, the consultant recommended government take an active role in addressing this market failure.

The scale and scope of the investments are a large part of what the Middle Mile and Last Mile analysis were to help inform. Brightstar, who conducted a similar technical analysis for governments in eastern Ontario, did extensive research into the Nova Scotia Internet landscape. They created a demand and supply map using information from public and private sector sources and by these means were able to provide recommendations related to the cost range, the Internet speeds and the timeliness of delivery of our ambitions.

Moving forward, we're taking the information supplied by Brightstar in developing a long-term implementation strategy for the province. We recognize there are a number of important questions that need to be addressed such as priorities and access.

Our long-term goal is to create the foundation for inclusive economic growth and to increase social connectivity. The question then becomes, how do you achieve these goals? Is it by building out the last mile, the middle mile, by investing in satellite and what is your sequence for addressing that? That's where our strategy comes in. We'll not have all the answers for all the questions that you ask today, but we are addressing them and we will endeavour to provide any information we can't answer today.

What I can tell you is the process is unfolding with appropriate speed. The Internet trust has been created with more than \$120 million available for underserved communities. We are articulating the key policy objectives we'd like to achieve in implementing the strategy. We're creating a long-term implementation strategy using the key information from the Middle Mile, and the Last Mile report that we've just received. We're identifying resources to implement the strategy and we're creating a phased approach to implement the work.

In the next few months, we'll be able to provide clarity of how the money is going to flow from the trust to specific projects. Later this year I would expect funding commitments to flow from the trust to advance the strategy in Nova Scotia.

As Brightstar acknowledges, we are looking at a multi-year roll-out. These are large, complex technical problems and solutions. A large amount of preparatory work has been done already, but there is more to do. That said, the province is moving quickly. Financially what the government has done is made one of the largest per capita investments - if not the largest - of any province in Canada in broadband. I think that bears repeating: government has invested per capita probably the most of any province in Canada to high-speed Internet for rural communities.

The federal government also recognizes the importance of this issue and they recently have announced the Connect to Innovate program, which will see 22 projects deployed in Nova Scotia. The Canadian Radio and Telecommunications Commission,

CRTC, is working through its \$750 million program for underserved communities in Canada. We look forward to understanding more details about how they intend to invest those dollars and expect to have more information on that later this year, but that's a \$750 million CRTC national commitment, which Nova Scotia will be well-positioned to avail.

In closing, the public business in government recognizes the importance of connected communities. Improving high-speed Internet will be an economic game changer for Nova Scotia, helping more businesses start and grow and creating jobs for Nova Scotians, particularly young Nova Scotians. Just as importantly, we know that these digital dividends can be found in the fields of education, health and the delivery of public services. So these are some of the reasons why Nova Scotia requires a strong, vibrant, rural high-speed Internet system. Thank you.

MR. CHAIRMAN: Thank you very much, Mr. Miller. We will now begin questions with the Progressive Conservative Party - Mr. Houston for 20 minutes.

MR. TIM HOUSTON: Thank you for the opening comments. I agree on the importance of improving Internet access across Nova Scotia. I've written before that it would be the biggest economic development initiative since the railway. I believe that to be the case.

When did the province receive the Brightstar Middle Mile report?

MR. BERNIE MILLER: I'll ask my colleague to comment on that.

MR. CHAIRMAN: Ms. Arsenault.

MS. MONIQUE ARSENAULT: The Middle Mile report was received in the Fall last year, and a number of work needed to be done to make sure that the information that was proprietary to the ISPs was removed from the report so that we were able to publicly release.

MR. HOUSTON: So it was received in the Fall and the findings were only released in March, right?

MS. MONIQUE ARSENAULT: Yes.

MR. HOUSTON: So during the Fall and March there was some form of scrubbing of proprietary information - is that fair?

MS. MONIQUE ARSENAULT: There was a review of the information so that we could absorb what was provided and look at how it was going to be impacting those ISPs and ensure that we were not releasing anything that would hurt their competitive advantage

- as well as ensuring that the information provided was accurately representing what we understood to be the case in Nova Scotia.

MR. HOUSTON: When did the province learn about the substantial offshore royalty arbitration award? Do you know when the province learned about that?

MR. BERNIE MILLER: My recollection was it became clear towards the end of the fiscal year. The arbitration had been ongoing for many, many years, but the outcome became clear towards the end of the fiscal year.

MR. HOUSTON: So towards the end of March.

MR. BERNIE MILLER: I can't be precise on it. My awareness of it would be in that February-to-March time frame. Whether people in the Department of Energy had a different line of sight, I'm not sure.

MR. HOUSTON: The Middle Mile report came out in the Fall and was released towards the end of the fiscal year. The announcement of the arbitration award was also around the end of the fiscal year. The timing of the release of the report and the timing of the release of the windfall of money is just a coincidence?

MR. BERNIE MILLER: There was certainly an intention to advance an Internet strategy, which the Middle Mile Strategy was part of. I think it was just a confluence of circumstances that put the province in a position where it would have resources to make a substantial investment in the Middle Mile Strategy.

MR. HOUSTON: So there was some planning around having the resources to do some implementation and to release the report, the strategy. Were the two linked?

MR. BERNIE MILLER: No. Going back to the sequence of reports, the 2016 Ernst & Young report, which was high level, did a jurisdictional scan and gave us kind of an order of magnitude of what level of investment would be required in order to proactively address future Internet needs of the province. Looking at other jurisdictions, we could see the range was in the hundreds of millions of dollars, if not higher than that.

The exercise from 2016 forward was all about getting better and more detailed on-the-ground information to make an assessment of what investment would be required. At the time of the Middle Mile Strategy, we had understood the investment would be in the \$300-million to \$500-million range.

I guess the confluence of events that I was alluding to was the outcome of the arbitration settlement or decision - I can't recall if it was a settlement or a decision - created a situation where there were resources where they weren't otherwise available. As the Ernst & Young and the Middle Mile Strategy were under way, we in the Department of Business

had no line of sight in terms of how that investment could be made or over how many years it would have to be made.

MR. HOUSTON: Just by happy circumstance, I guess, this arbitration award came along at the same time. When did the government receive the Last Mile report?

MR. BERNIE MILLER: Again, I'll ask my colleague to give the precise answer on that.

MS. MONIQUE ARSENAULT: The draft of the Last Mile report was received at the end of March. Again, work had to be done to absorb that information and to prepare for release.

MR. HOUSTON: Was it a draft, or was it final, at that time?

MS. MONIQUE ARSENAULT: Draft.

MR. HOUSTON: The Middle Mile report, which was received in the Fall - would you call that a draft?

MS. MONIQUE ARSENAULT: Yes.

MR. HOUSTON: That was a draft report. It wasn't the final report from the company?

MS. MONIQUE ARSENAULT: It was a draft report. The final report would be where we would get to for the actual release of the document.

MR. HOUSTON: I just want to make sure we're talking about the same thing. Brightstar releases a report - they release a report and say they're done. I would call that the final report. I understood from your first response that you received that and then redacted some information that would have been proprietary. Is that not the case? Was the redaction of the information Brightstar's doing or the department's doing?

MS. MONIQUE ARSENAULT: The original reports received would both be drafts. The Middle Mile in the Fall would have been considered a draft as we worked with them to refine that information to get it to the final version - as well as what we would have received for the Last Mile. The Last Mile received at the end of March, we would consider a draft and they would as well, to allow for going back and forth and making sure of the information and to get the final copy something we were comfortable with releasing for public perspective.

MR. HOUSTON: For the Middle Mile report, the draft comes in the Fall. The final comes out in March. A number of months have passed there. For the Last Mile report, the

draft comes at the end of March, and the final comes out just a short time later - just in time for this meeting. It was released this week, was it not?

MS. MONIQUE ARSENAULT: Yes.

MR. HOUSTON: Was there a push to get it ready for this meeting?

MS. MONIQUE ARSENAULT: The time frame for this one - because a significant portion of the review was done through the Middle Mile work as well, a lot of the methodology is similar and a lot of the analysis that we needed to do with this report had timing gains because we had done quite a bit of similar work through the Middle Mile report. The time to take to get this one to release is not as significant because we were able to do a significant portion of that review last Fall, so the timing of the report to get out for this week was when the report was available and approved to get released.

[9:15 a.m.]

MR. HOUSTON: Mr. Miller, was the appearance before this committee this week a factor in kind of establishing deadlines to get that report out?

MR. BERNIE MILLER: Not in establishing deadlines, but it was one of many factors that we took into consideration to make sure that the information was available to folks before we were before you.

MR. HOUSTON: Thank you. It has been a frustration, I guess, of myself and some other committee members of the scheduling of topics before. A lot of times people are busy and don't come, but when they do come to committee there always seems to be some big press release that day, so I'm always interested in the timing of these types of announcements. A lot of times departments seem to be busy when it's not convenient, I guess, to talk about the topics. That is a frustration that we've had on this committee for quite some time.

In terms of the \$120 million trust, is the money in the bank for that?

MR. BERNIE MILLER: The initial money has been allocated to the trust and by initial money, I mean the Internet trust budget line that the Department of Business had in last year's budget that wasn't fully expended. It was partially expended so that has been invested in the trust. At this point in time I think the remainder of the financial commitment is still dependent on final accounts and government accounting to conclude their work.

MR. HOUSTON: Would you consider the trust to be arm's length from the government?

MR. BERNIE MILLER: Yes.

MR. HOUSTON: We have a chairperson for the board. How many potential chairpersons were interviewed for that role?

MR. BERNIE MILLER: There wasn't an interview process for selection of the chairperson. There was a profile of the skill set we were seeking and a request was made to a former public servant whether they would step forward and take on that responsibility for us.

MR. HOUSTON: So just one person was asked to do it?

MR. BERNIE MILLER: That's correct.

MR. HOUSTON: That was the only person that had the skill set that was identified?

MR. BERNIE MILLER: We would have had informally some discussions at the bureaucratic level about the profile of the person we wanted and the person who was identified, their name would have emerged fairly quickly in those discussions.

MR. HOUSTON: I guess I kind of look at it like this. You can put \$120 million in a trust - one person may turn that into \$200 million worth of value, another person might turn it into \$20 million. There's a lot of risk here in execution around what happens with those funds.

So we have a hand-picked person to be chair - obviously very compelling reasons for that, I'm sure. What was the skill set that jumped out that said this is the person, this is the only person who can do this?

MR. BERNIE MILLER: Just to put it in context, the trust has up to five trustees and as far as getting the skill set for the Chair and then the Chair will determine the additional trustees, we were looking for someone who had a track record of managing a complex budget of a high value. The former Deputy Minister of Finance and Treasury Board had been responsible for a very complex budget that we'd all be familiar with, which is in the \$9 billion to \$10 billion range.

The second aspect of this was that this is not a full-time position and it's not a position that would provide full-time work to someone, so we were looking for somebody who would be able to have the time and the skill set to commit to it. Knowing that in addition there would be other trustees who could bring technical knowledge of telecommunications and investment knowledge, we were really looking for someone who understood government but was not of government at this particular point, in the sense that they could responsibly manage public funds, which is kind of our overriding consideration.

For that reason, having someone who had that among the last stages of their career as a deputy minister made that a very compelling choice for us in terms of confidence in abilities and integrity and effectiveness.

MR. HOUSTON: So basically, it's a part-time job managing a \$120 million project over the future of Internet in this province. I guess it's a part-time gig in the eyes of the department. Was there any discussion at all about, let's open this up and see if we can find somebody else who has actually worked in the industry on a technological project? Or was it just the decision that there's really only one person that we can put this to?

MR. BERNIE MILLER: The discussion of the skill sets needed and the competencies needed was part of the discussion and certainly we anticipated that some technology background, some understanding of telecommunications would be an important piece - understanding of municipalities would be an important piece, and understanding of management of public finances would be important pieces.

In selecting the current Chair, we felt we were achieving the management of public finances objective from a competency point of view. That led to the recommendation by me, after consultation with others, that the Chair should be approached to take this on, and it is very much not a full-time position. It's a part-time commitment.

MR. HOUSTON: It's an arm's length board, I guess you'd say, but run by a hand-picked person. Who will determine if the Chair is doing a good job or not?

MR. BERNIE MILLER: The Minister of Business is the settler of the trust, and under the trust agreement there is a series of obligations that need to be met by the trustee and ultimately the settler of the trust has the authority over the removal of a trustee who is not meeting expectations under the terms of the trust agreement.

MR. HOUSTON: Is that a public document?

MR. BERNIE MILLER: Yes.

MR. HOUSTON: So the minister has the final say on how the trust is operating - whether it's operating effectively or not.

MR. BERNIE MILLER: No, the minister holds the trustees accountable and has the authority to take the steps necessary to remove a trustee.

MR. HOUSTON: Have the other trustees been appointed?

MR. BERNIE MILLER: There has been one additional trustee selected at this point.

MR. HOUSTON: And you're trying to get five?

MR. BERNIE MILLER: Up to five. It's going to be the discretion of the managing trustee to determine whether they go with five or whether they go with three. There will be an uneven number of trustees, but it's in the discretion of the managing trustee to make the additional appointments at this point.

MR. HOUSTON: How long is the chairperson's contract for?

MR. BERNIE MILLER: I think the trust has an end date. I'd have to undertake to get back to you on that detail, but they've been appointed trustee for the duration of the trust or until a substitute trustee is appointed.

MR. HOUSTON: For the duration of the trust - so we're talking a great number of years, I would think.

MR. BERNIE MILLER: Yes, we anticipate that the work contemplated in the current strategy will be five years for the initial phase and up to 10 years of ongoing work.

MR. HOUSTON: How many days do you expect the chairperson will work in the first year?

MR. BERNIE MILLER: It will vary depending on the stage of strategy implementation that we're on. In the early phase, it will be a few days per month. There will be points at which the intensity of activity in implementing the strategy will require more than a few days a month.

MR. HOUSTON: How much have you allocated per year for administration of the trust?

MR. BERNIE MILLER: That's all within the scope of the trust documents. This is a self-funding trust in the sense that the administration of the trust would be paid for out of the funds from the trust.

MR. HOUSTON: How much is that?

MR. BERNIE MILLER: I haven't done any budgetary work on that. That will be the responsibility of the managing trustee and those trust assets will be audited on a regular basis, on an annual basis. Management administration costs will be a cost charged to the trust.

MR. HOUSTON: Does the department put \$120 million into a trust and has no expectation of - what if the administration fees are \$80 million in the first year? You have no expectation of . . .

MR. BERNIE MILLER: That type of investment is not contemplated and it's not the expectation that it would be anywhere close to . . .

MR. HOUSTON: But what type of investment is contemplated?

MR. BERNIE MILLER: This is going to be a very nimble operation with very little bureaucracy. They'll require accounting, they'll require audit fees, and they'll require some level of administration, but it may be a single person or a couple of people. I wouldn't anticipate, based on the larger implementation strategy that the Internet Funding Trust becomes a large organization with a huge demand for administration or administrative costs.

MR. HOUSTON: Who is the second trustee?

MR. BERNIE MILLER: The second trustee is Greg Keefe.

MR. HOUSTON: Are you aware of Mr. Keefe's background?

MR. BERNIE MILLER: Before his retirement, his most recent position was with the Halifax Regional Municipality. Prior to that, he was a provincial public servant and in addition to finance, accounting, and project management, he has capacity in telecommunications as well.

MR. HOUSTON: Who is going to make the decisions? We're going to get to them but there are very technical decisions that need to be made, so who is going to make those decisions? Is it not the board?

MR. BERNIE MILLER: It will not be the Internet Funding Trust. The Internet Funding Trust will be assessing investments from the trust in order to advance the strategy but the actual implementation of the strategy, the policy framework is the responsibility of the Department of Business.

Then there's a plan to develop a strategic economic infrastructure Crown corporation, as was mentioned in the Budget Speech. That Crown corporation will have the day-to-day responsibility for implementing the broadband strategy, so the middle mile, the last mile, and the satellite component will be in terms of a public implementation role that will be managed by a Crown corporation.

MR. HOUSTON: You have the department weighing in on strategy, a Crown corporation weighing in on strategy, and you have a board of trustees essentially rubberstamping the expenditures. Is that kind of what's up here?

MR. BERNIE MILLER: No. Our objective is to protect the public interest and set the broad policy objectives to drive economic growth and to also create a strategy that will

allow for the delivery of public services through an effective Internet strategy. The strategy is very much with the Department of Business, but the negotiation of service-level agreements, the implementation of the actual on-the-ground work, in consultation with private sector participants or in negotiation or RFP with private sector participants - that will be run by the Crown corporation.

MR. CHAIRMAN: Order, time has expired, unfortunately. We'll now turn to the NDP for 20 minutes. Mr. David Wilson.

HON. DAVID WILSON: Thank you for being here. I took some notes as you had your opening comments and during some of the questions, and I just wanted to get some clarification. You mentioned the federal government had invested in about 22 projects and I know both levels of government have indicated that this is an issue across the country and in the province. Is that correct - 22 projects that you mentioned the federal government invested in or have announced that they will be investing in, in the province? Is that correct?

MR. BERNIE MILLER: I'll call on Monique to answer that one.

MS. MONIQUE ARSENAULT: Yes, that's correct, 22.

MR. DAVID WILSON: Will there be any federal money going towards the trusts? Or are the federal projects completely separate than the initiatives that we'll see come out of that trust?

MS. MONIQUE ARSENAULT: The federal projects will go to the proponents who applied to the federal program so it's the Connect to Innovate program that was just recently announced. The applicants through that will receive the funding - those who were successful.

There will be alignment with the trust so if there's provincial support required, they will have the ability to seek those funds through the trust and the work that is done through the strategy implementation will have to ensure alignment with these projects as well, to make sure they're taken into consideration.

MR. DAVID WILSON: Was there an ask to maybe supply some funding to the trust so that both levels of government are working together to address the needs in the province, or are you satisfied that the projects in the announcement made through the federal government will meet and align with the trust's initiatives?

MS. MONIQUE ARSENAULT: The deadline for that specific program was April 2017. The timeline for applications was closed so the trust was not an eligible applicant to receive the funds, unfortunately.

[9:30 a.m.]

MR. DAVID WILSON: I know during the last sitting the minister had indicated during Question Period that the Middle Mile infrastructure will be public infrastructure. Can you confirm that that is still the case or could you expand on what that may look like and what was behind the minister's comments during the Question Period about public infrastructure and that that infrastructure will stay public?

MR. BERNIE MILLER: The intention is to address market failure with public investment in infrastructure. I haven't had a specific conversation, but from a strategy point of view, what we anticipate is using public investment to address where market failures exist, where the private sector will not because of the economic circumstances or the demand-supply equation not lining up, that there will be the need for a public investment in the infrastructure.

MR. DAVID WILSON: Who do you foresee owning the Last Mile or Middle Mile infrastructure? Are you anticipating that that ownership will be in provincial hands or is it through the municipalities, co-operative, some of the larger players in the province?

MR. BERNIE MILLER: There are scenarios where municipalities may choose to become a partner with parties and own systems. I can't comment on that.

In terms of ownership of the broadband system as it now exists in Nova Scotia, it's predominantly privately owned, so our existing network is predominantly private, and what we have done is had a Middle Mile and Last Mile Strategy to identify gaps. In light of that, without limiting the options available as the strategy evolves, our current thinking is the gaps will be addressed with privately-owned assets publicly funded.

MR. DAVID WILSON: Is the government considering a Crown corporation to run the Middle Mile infrastructure or is that still an option? Is that a decision that could be made down the road or is that kind of off the table? Has there been any indication or instructions from the government that that is not where we want to go so don't look into it, don't invest time in what maybe a Crown corporation would look like?

MR. BERNIE MILLER: Yes, we are very much of the mind that a Crown corporation has a significant role to play in implementing the strategy and coming at the question from the public interest point of view and negotiation with the private sector.

MR. DAVID WILSON: Would you see any kind of public engagement on that? I think the public definitely would want to have a say and kind of know what the direction is. Do you think that may happen in the future before making that step or making that kind of decision?

MR. BERNIE MILLER: In terms of actual implementation of the strategy, we think community engagement and the strategy should very much be informed by a community-informed approach, so we would anticipate that the Crown that was announced in the Budget Speech as being a strategic economic infrastructure Crown will then take on public consultation or community engagement responsibilities.

MR. DAVID WILSON: There was a report in 2015 - an Ernst & Young report - that recommended that community-led solutions should be considered in the context of broadband strategy, but when we looked at the Brightstar report, the consultation focused on the larger telecommunication players in Nova Scotia.

Why weren't community-oriented Internet groups like - there are a number of them in the province - i-Valley here in Nova Scotia. Why weren't they consulted during that report from Brightstar?

MR. BERNIE MILLER: As far as the details of consultation with Brightstar, I'll ask my colleague to address that. I'll just preface the remarks by saying at this stage, we're developing a number of public policy principles that would apply. Capacity and expertise is an element. That means we're not excluding anyone, but in order to effectively deploy the strategy, we want to make sure that the capacity to deliver exists. That would be one of our important criteria.

With that, I'll ask my colleague to speak to it.

MS. MONIQUE ARSENAULT: During the Middle Mile engagement process, we did engage with municipalities. We had six sessions across the province where all municipal units were invited to attend, as well as the regional enterprise networks. Some community groups joined us for those as well, those that we were aware of or that their municipalities were aware of. We brought the community voice through that lens to help ensure that we were facilitating an efficient process so that they were at the table with us and that it was done in a way that timely and effective for us.

MR. DAVID WILSON: Was that through Brightstar, or was the province leading that?

MS. MONIQUE ARSENAULT: It was jointly. Brightstar was there with us, but we were there as well.

MR. DAVID WILSON: Listen, no one, especially on this side or on all sides of the House, is criticizing the investment. I think it's well needed, especially if you're an MLA from underserved areas. I'm not, but I have engaged with many over the years.

What we want to make sure happens is that there is attention given to non-profit community-owned solutions because they are there. I know we have the major players in

the province, which provide a majority of the service. But there have been some great initiatives in pockets of the province.

I think it's more just making sure that attention is given to those non-profit community-owned solutions. I mentioned i-Valley. In recent media, the president, Terry Dalton, had indicated that the Last Mile report vastly underestimated the underserved households in the province. Would you agree with that comment? Do you still think what was reported truly reflects the needs out there, or are the needs greater, like Mr. Dalton had indicated in recent media?

MS. MONIQUE ARSENAULT: I would have confidence in the numbers that we have. The approach taken in the report is to look at where we have current demand today, what that demand could look like five years from now, and what it could look like 10 years from now, and then look at where we have infrastructure today. With the targets that have been set, the speed targets that are in the document, we're looking at where we have equipment that can actually accomplish that and then where we need infrastructure to have access to that, and bridging those gaps in between.

The work that they are doing through i-Valley, we can certainly follow up and see how they have determined their numbers and then see where the differences may be. But I have confidence in the approach that was taken.

MR. DAVID WILSON: They indicated or suggested that 72,000 households need upgraded or higher speed in the Annapolis Valley alone because of those numbers - I think it's 50 megabytes you want to be over, if I am correct on that. As suggested, there are thousands of households just in the Annapolis Valley. Would you agree with that?

I'm encouraged that you will hopefully reach out and engage with companies like i-Valley on that. Would you say that those statistics could possibly be the reality that people outside the major cities have with their connection to the Internet?

MS. MONIQUE ARSENAULT: We know that we certainly have a large portion of the province that is considered underserved based on the targets that we are aiming for. Again, our numbers versus their numbers, I would have to look at their methodology to attain them, but we certainly appreciate that there is a significant portion that are challenging currently.

MR. DAVID WILSON: Do you envision larger projects to address the infrastructure needs throughout the province? Or do you see smaller projects having the ability to see reality to address the needs? Has there been any decision made on how you see those projects that would get support in the province under the trust?

MS. MONIQUE ARSENAULT: The approach to the size of the project will be focused solely on the goal that we're trying to accomplish with the project. Setting the

target for quality of service, the speed targets that we're trying to reach, the quality that we want to attain, and the overall coverage we want to attain is going to be the policy ones around what those projects could look like. How the province gets approached and prioritized will be impacted by all those things, so whether it is large or small is part of the implementation process that is about to be undertaken.

MR. DAVID WILSON: Have there been any instructions given to create those targets? I think what I'm really trying to get at is making sure that we don't have policy or targets in place that would limit some of the smaller players from trying to gain access to some of the funds to address needs. Has there been any decision made on, say, the number of residents you can hopefully upgrade when it comes to providing the Internet service?

MS. MONIQUE ARSENAULT: That policy work is under way now to determine some of those things. When we looked at the Brightstar work and looked at the speed targets that were set, a lot of the considerations within that were setting targets that do apply to any size of ISP. If you're looking at a 25-megabit service, the majority of our companies, and I would say all, currently have the ability to do that. We wanted to ensure that we weren't setting targets that were so beyond what our small companies could do, so it's taken into consideration in that lens. Then the policy work, as we continue for implementation, is under way currently.

MR. DAVID WILSON: Will the trust or another body play a role in facilitating collaboration and coordination between, say, municipalities, community co-ops, or will the trust be there just to approve funding applications once the programs and the details of the programs are set?

MS. MONIQUE ARSENAULT: The trust will do the funding approval, as mentioned. As the deputy mentioned previously, the engagement work will be done through the Crown that is responsible for the implementation of the strategy.

We are still doing some of that work ourselves as well, so we will actually be holding a teleconference with mayors, wardens, and CAOs this week to give some updates on the Last Mile Strategy report and answer any questions they have.

I was also recently with the Regional Enterprise Networks, reporting to their CEOs as well, giving them updates as well. That work will be ongoing but mainly will shift to the Crown once that is functional and up and running.

MR. DAVID WILSON: Will the trust fund, the planning stages for any corporation or corporation identity - because that's going to be an important part of hopefully gaining access to some of the funds. Will there be any funding to help plan or during the planning stages for any organization out there?

MS. MONIQUE ARSENAULT: That hasn't been determined at this point but it's certainly a consideration that we can put forward to them.

MR. DAVID WILSON: If the trust just works on an application-by-application basis, will it collaborate and coordinate the middle mile projects?

I know my colleague mentioned a little bit about the makeup of the board. We heard today there's an additional - Greg Keefe has joined the board. When do you anticipate having a full slate of board members? Has that been determined or is that just an ongoing working project and then hopefully you'll get to a full complement of board members?

MR. BERNIE MILLER: The timeline in the trust agreement would be the end of June, so the managing trustee has sole discretion to determine how many of the available board or trustee positions get filled. It can be up to five, there's two now. She will have until the end of June to make her final determinations.

MR. DAVID WILSON: Is it the Chair that's drafting those terms, or is that coming out of the department?

MR. BERNIE MILLER: It's the Chair. At this point the trust has a separate legal existence and is managed by the existing managing trustee.

MR. DAVID WILSON: I would assume there's no public input on - that work is ongoing. Was there any public input on a kind of terms of reference on that or was that just more driven out of the department, out of government, and then placed in the hands of the Chair?

[9:45 a.m.]

MR. BERNIE MILLER: The model that was followed was other circumstances where trusts have been created. The Nova Scotia Research Trust is an example, but there are other examples of trusts in government, which involved essentially creating the legal entity of a trust and then empowering the trustee through the trust document to then have independent authority. It was done through the Department of Business. So our solicitor of the Department of Business was involved in drafting the document. There was no public consultation element to that process.

MR. DAVID WILSON: I'm wondering if you could provide, over the last five years, for example, some of the subsidies - and I know you won't have this at your fingertips now - just so we can have a comparison maybe in the future - how much subsidies have been provided to maybe the larger players, Eastlink and Bell, in comparison to community-owned initiatives that we see in the province. Maybe if you could work on that - I don't know if that's something you could provide the committee at a future date.

MR. BERNIE MILLER: Unless my colleagues have that at the top of their heads, we'll undertake to provide that to the committee.

MR. DAVID WILSON: We appreciate that. How much time do I have?

MR. CHAIRMAN: You have two minutes.

MR. DAVID WILSON: I'll pass over to my colleague.

MR. CHAIRMAN: Ms. Roberts.

MS. LISA ROBERTS: I'm just going to ask for a bit of clarity about the Crown. So we're referring to the Crown, but this is not a Crown corporation that is currently up and running, if I understand it correctly. Can you speak to what it will be, what the timelines for that are and what its role will be versus the trust and versus the Department of Business on this file?

MR. BERNIE MILLER: At the time of the Budget Speech and the budget announcement, there was a reference to the province would be developing a Crown corporation that will have a mandate and responsibility for strategic economic infrastructure. That was in the context that broadband is one example of strategic economic infrastructure.

The Department of Business has a number of Crown corporations that the structure is really strategy - the Department of Business policy and strategy - but implementation would be a Crown responsibility. So in the venture capital start-up community, our Crown is Innovacorp, and for export and foreign direct investment in Nova Scotia, our Crown is Nova Scotia Business Inc. So one of our existing portfolio Crowns has been given an additional mandate to take on the responsibility of strategic economic infrastructure.

MS. LISA ROBERTS: Do we know where that function lives now?

MR. BERNIE MILLER: Currently we're working with the Waterfront Development Corporation to re-mandate that corporate entity and give it a broader scope so it has a province-wide responsibility for strategic economic infrastructure.

MS. LISA ROBERTS: As I understand, some of the initiatives that have popped up around the province - certainly in Annapolis County, for example - they've almost . . .

MR. CHAIRMAN: Order, time has expired. We will now turn over to the Liberal Party. We have an introduction - Mr. Jessome.

MR. BEN JESSOME: Thank you for your indulgence. My colleague the member for Lunenburg is going to take the lead today, but I did want to take a brief moment to

acknowledge Mr. Conrad Johnson who is with us here today. He is a local Navy boy who is studying distance through Algonquin College. He was required as part of his course to participate in Question Period, but given that the House is not in session, this will have to do. Mr. Johnson, thank you for your service and thanks for being here today.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Does that cut into my 20 minutes?

MR. CHAIRMAN: Yes, it did. (Laughter)

MS. LOHNES-CROFT: Then let's get down to business. Glad to see you here again today, and to be talking on rural Internet. Other than rural roads, rural Internet is a hot topic at my constituency office. I get frequent calls and have frequent meetings regarding this issue. It does become an issue as we try to keep our rural parts of the province vital and developing, and trying to bring people back to Lunenburg County.

We've got quite an initiative with NOW Lunenburg County to grow the population, as I'm sure the province does as a whole, but we have a very active group that rural Internet is very important to, as well as our municipality, the Municipal District of Lunenburg - they've been very active in achieving better services for the residents of the district.

I was getting lots of calls about the Middle Mile, when is this report coming out? Then we have the Last Mile. Can you give me a description of the differences between the two studies that you've done?

MR. BERNIE MILLER: Although I could try to answer that, I'll ask my colleague, Monique.

MS. MONIQUE ARSENAULT: You answered it quite well. The difference between the two, just to get back to the basics of what the terminology actually means, when we talk Middle Mile, the Internet has a starting point within the province. The Middle Mile takes the Internet from that point to a point within every community. The Last Mile takes it from that point in the community to every house or business.

The difference between the two is when we look at the Middle Mile we look at how do we expand that middle component, so how do we build the Trans-Canada, if you wish, and make sure that we have the capacity to reach the customers for the needs that they have today and the needs they are going to have in the future.

The Last Mile really looks at what is needed to make those final connections. It gets into our local service roads and off-ramps from that Trans-Canada Highway and what is needed at the residential and business components.

The main differences within the reports themselves are speed targets, so from the Middle Mile work to the Last Mile work we've actually seen our speed targets grow slightly. We've gone from, on a wired side, we have 50 megabits down 10 megabits up and on the wireless it's 25 megabits down and 5 megabits up. In the Middle Mile that was previously 10 and 2. We're seeing that evolve quickly because the technology is evolving quickly and we want to make sure we're getting the best product available for the province.

The differences between the two really are how do we look at building that key component of making sure we have the right backbone in place and then how do we actually connect our people to make sure they have access.

MS. LOHNES-CROFT: I assume you've accepted these reports to follow through? Or are they going to sit on a shelf?

MS. MONIQUE ARSENAULT: These reports will form the implementation plan and will help guide the work that Waterfront Development will now take on from a strategic perspective as they move forward with their implementation.

MS. LOHNES-CROFT: One of the misunderstandings or confusing parts to this is that many people think when this starts they're going to have Internet in their homes and there seems to be a pause between the two. Can you explain that a little bit, with bringing the Internet into the area and then the delivery to individuals? People think they are coming at the same time but they are not, correct?

MS. MONIQUE ARSENAULT: There is a slight difference in timing in the sense of, again, you need your main road in place to be able to build your other local roads that connect to it.

The intent with the policy work we are doing and the implementation would be to align those as closely as possible so that timelines are not extrenuous. We want to ensure that we're getting service out as quickly as can but done in a way that makes sense from a technology perspective, so in areas where fibre is needed to be able to make Last Mile connections there may be some time that it will take to get the actual connections to residents. Putting that fibre in place is a huge component of making sure that it's going to last and be sustainable over the longer term.

MS. LOHNES-CROFT: I've seen two projects in my area - the Brightstar with the Sweetland project, where a resident donated the land for the tower and then very quickly people were able to get cell service, who signed up for the program. It's not capable of reaching everyone, that's another thing. People think okay, we're improving, we're coming to this area, why am I still not getting Internet?

MS. MONIQUE ARSENAULT: The challenge will be that there will always be somebody somewhere that it will be difficult to connect. As the report suggests, we will be

pushing to get greater than 95 per cent coverage - 100 per cent is not feasible from a technology and cost perspective. There will be regions of the province where that just will not happen but we will be pushing as close to that as we can, getting as close to that 100 per cent mark as we can, recognizing that we will have a few folks in some areas that unfortunately will not get connected.

MS. LOHNES-CROFT: This can be a big issue for us in rural Nova Scotia. I know people who have almost sold their homes until the buyer discovers they can't get Internet or cell service. I see this as being a game changer for a lot of people who have been trying to sell their homes. We have a lot of people who have businesses. I had no idea how many people were working from home and relied on Internet services. How big a part do you see this being in the development of business and the rural economy with getting this service in place?

MR. BERNIE MILLER: I think you used the words, "economic game changer." By doing this well and by doing it effectively and reaching as many Nova Scotians as is feasibly possible, it creates a connection to the global economy that just doesn't exist right now. It's not only the cultural features of being able to watch movies online at home. It's equally significant, and as far as GDP growth probably much more, that small and medium-size businesses - the distributed workforce, people who work from home - don't face those geographic barriers any more. I think that's the key to it.

Right now, there is a lack of modern Internet access that meets current needs instead of designed for 15 years ago. Because the demand goes up quite a bit, as I said in my opening remarks, it will have a very positive impact on GDP growth. Every other jurisdiction or developed economy where there has been a policy focus on increasing broadband access and penetration to rural areas has resulted in gross domestic product growth in those jurisdictions.

MS. LOHNES-CROFT: You made a remark, Deputy Minister Miller, in your opening remarks that Nova Scotia has invested more per capita in rural Internet than any other province. That is good to hear. How much have we invested, and how much do we plan to?

MR. BERNIE MILLER: The reference in particular was to the current planned investment that was going into the Internet Funding Trust. I don't have the precise number, but over the years, this specific investment relative to what is happening in other provinces is very substantial.

As my conversation with Mr. Houston pointed out, it was in some ways a fortuitous circumstance that a one-time payment became available to be deployed for this. As far as comparing, an example would be Quebec, which has a much larger population base. Their investment was \$100 million, and the Province of Nova Scotia's investment is \$120

million. It's a pretty substantial commitment to the key economic infrastructure of the future economy.

MS. LOHNES-CROFT: You mentioned that the CRTC has about \$700 million.

MR. BERNIE MILLER: Yes, \$750 million. The CRTC, which is a federal regulatory commission and has the ability to generate revenue through its fees it charges, will be allocating \$750 million nationally for the purposes of increasing broadband access to underserved areas. In addition, they have articulated the standards that jurisdictions should aim to achieve, and those are the standards that are reflected in our strategy.

MS. LOHNES-CROFT: What is the time period for this investment? Is it over five years, 10 years?

MR. BERNIE MILLER: We would anticipate a substantial portion of the funds would be expended in the first five years of the program. That's where the heavy capital investment would be required. As I said, we're intending, in the current year, to make the first financial commitments to the strategy implementation.

MS. LOHNES-CROFT: There was quite a bit of disappointment in the first piece of connecting rural Nova Scotia Internet. In a recent announcement that I took part in in the District of Lunenburg, there were people who attended the announcement. Eastlink is going to be the provider, and there was a lot of concern that with the history that Eastlink had - are we setting ourselves up for failure?

What has been put in place now to assure people that this is not going to happen again? Are there going to be audits? What's going to take place that these people are going to see themselves getting rural Internet?

[10:00 a.m.]

MR. BERNIE MILLER: I'll start the response to that question and I'll ask my colleagues to follow up. When you referred to the earlier program, I presume you mean the 2007 program, which was an ambitious program for its day. The element that in retrospect became evident is the pace at which the demand for broadband access was scaling up quicker than was anticipated at that time.

One of the key lessons for the new strategy is to make sure it's scalable and then - the phrase that's often used is evergreen, but it's refreshed, and that the contractual arrangements that are entered into with the Internet service providers carry with it a very clear obligation to upgrade technology as technology changes and to meet service-level expectations that are in the public interest and are articulated by the public - interest being our Department of Business and then the Crown corporation that will be responsible for implementation.

People kind of make their best decisions with the information they have available, so I don't mean to criticize the 2007 process, but what wasn't anticipated was technological change and scalability. That's our number one commitment, and then two is having very clearly articulated service-level expectations, which then get enforced. Smart contractors in the execution of the strategy would be a second key element of that.

MS. LOHNES-CROFT: Smart contractors, can you explain?

MR. BERNIE MILLER: Investing the up-front time and developing very strong contractual arrangements that protect the public interest, rather than short-changing the initial work required in order to develop the strategy effectively and have really strong contracts, because ultimately the contracts are what the government will have. The government will have the contractual obligations to deliver on the expectations articulated in the contract.

MS. MONIQUE ARSENAULT: The only thing I'll add to that is that a component of the Brightstar team that we've been working with to develop the strategy is also a group called the Eastern Ontario Regional Network. They've done a project in their area, which is of similar size and scope to what Nova Scotia is facing. As we looked across the country, they really are sort of leading edge in that type of service-level agreement. They have experience in working with the companies that were successful in bidding on their work, in holding them accountable to making sure that network gets upgraded.

Their contracts essentially are built so that the infrastructure runs optimally on a certain committed level - so if it's a tower, for example, and you put 100 customers on it, it's going to work really well. As soon as you put 120, the service starts to go down, and go down even further the more people you put on it. The way their contracts work is they monitor over time how the infrastructure is actually performing from an engineering perspective. When they see that that network is not performing optimally, they have the ability within their contracts to hold the companies responsible to invest to fix those issues.

Working with a group like that, we have the ability to learn from what they've done, build off those contracts, learn from things that they now identify to say, we might have done it a little bit differently and we have the ability to glean that expertise in how we would build our contracts to make sure that we get the best accountability for the province.

MS. LOHNES-CROFT: Okay, great. How many more minutes?

MR. CHAIRMAN: You have four minutes.

MS. LOHNES-CROFT: I'd like to switch over. Which was decided on first, a trust or engaging Waterfront Development in this delivery of service?

MR. BERNIE MILLER: The conclusion was reached really - it's one of these situations where we looked at what the needs would be. There's the funding need and then the execution of strategy need. I think it would be fair to say both were arrived at, at a similar time. When we modelled what needed to happen, we needed resources and we needed implementation and we came to the conclusion that the right division of responsibilities would put financial oversight and funding in the hands of the trust, then a Crown or an entity.

It wasn't specifically Waterfront Development that was in mind in the modelling, but looking at the timelines and the ability to scale and re-mandate an existing Crown Corporation led us to that conclusion. To be direct, we arrived at the structure at roughly the same time.

MS. LOHNES-CROFT: What was the thinking behind setting up a trust? Why was that important?

MR. BERNIE MILLER: The value of a trust is that it allows a commitment to be made to a specific project, and it puts the money in the hands of an independent legal entity with an oversight responsibility that can do multi-year planning. In the normal cycle of government, it is an annual government planning process. We have the aspect of, to achieve a public objective, the opportunity to do multi-year planning.

We looked at other models like the Research Nova Scotia Trust, and there are a number of other trusts throughout government. In fact, looking at the federal level, the Canada Council for the Arts, as an example, that funds arts, was initially set up as a trust. We looked at different models and came to the conclusion that if you want to have a multi-year commitment of resources to achieve a particular objective, a trust was a very good tried and true model for that.

MS. LOHNES-CROFT: Say we get some of this \$750,000 from the CRTC. Would that go into the trust, or into the hands of Waterfront Development?

MR. BERNIE MILLER: Perhaps neither. That program is still yet to be defined by the CRTC. Exactly how they'll deploy the funds is not known with certainty. The expectation I would have is that they would probably model something where they're having funds flow to Internet service providers or other entities that are going to actually deliver rather than having the provincial role as an intermediary. But that's speculation on my part.

MS. LOHNES-CROFT: In Lunenburg, Waterfront Development played a part in providing Internet service to the waterfront for tourists and residents, and that has been successful. Is that one of the reasons why they were chosen? Do they have staff who are able to take on this task?

MR. BERNIE MILLER: Not specifically, although their project management expertise is a relevant consideration. In looking at strategy development, there was a question of whether we start from scratch. Do we create a new entity with a new board of directors and with all the structure that goes along with ramping up a new entity, or do we re-mandate an existing entity? In terms of wanting to do this project as fast as reasonably possible but also taking the time to do it right, we reached the conclusion that re-mandating an existing . . .

MR. CHAIRMAN: Order. Time has expired. We'll now turn to the Progressive Conservative Party for 14 minutes. Mr. Houston.

MR. HOUSTON: I'm just sitting here listening, and the world is moving quickly in technology. Here we are talking about a trust and a Crown corporation and the department. Meanwhile, the world is going by.

Right now we have Bell and Telus doing trials with a highly successful 5G product on wireless to the home. In the Brightstar report, there is not one single sentence or mention of these trials in the latest technology. In 48 pages, there is not one single mention of some of these innovative trials that are happening in real time. Now I think Bell has launched, and Telus is about to launch, but we're still fooling around with six months between a draft report and a final report, and Crown corporations and trusts. It just worries me.

It's a nice headline, \$120 million - what are we going to get for it? That's the question. Now we have a trust. I had the illusion prior to this meeting that the trust was going to make some decisions on the future of Internet in this province. I now feel like it's probably not. Is the trust going to make decisions on the future of Internet in this province?

MR. BERNIE MILLER: The trust is going to make independent decisions on funding projects which will advance the strategy.

MR. HOUSTON: The trust is going to make an independent decision on funding projects based on its expertise to analyze projects. We have a five-person trust, two of whom have been named - by the way, both are deputy ministers. Are you worried about the diversity of thought and the technical ability of this trust to make decisions with the appointments that have been made so far?

This trust is meant to have a significant role in determining the future of the Internet in this province, and so far we have two retired deputy minister. I don't think either one has really worked in a high-technology space. You mentioned that perhaps Mr. Keefe did at some point in his career. Other than that, I don't think either one of them has a lot of experience in high-technology.

The future of the Internet in this province is a pretty high-technology business. Do you get as sense of why I would be concerned about how this is structured? Are we spinning our wheels here?

MR. BERNIE MILLER: I would say that I have a high level of confidence in the capabilities of the people who have been asked to have the financial oversight of \$120 million of public funds outside of the public funding realm.

MR. HOUSTON: What does financial oversight mean to you then? Does financial oversight mean making good decisions with the money?

MR. BERNIE MILLER: It means being able to fund the implementation of a strategy which would be done on a public-private level, with the public interest being protected by a Crown corporation and private providers wanting to do what they do, which is deliver their services at the highest profit margin that the market can bear.

MR. HOUSTON: Do you envision a scenario where a project would come to the trust, and the trust would say no, that's not a good project?

MR. BERNIE MILLER: There may well be those circumstances arising. They should be rare, but ultimately it's the trust . . .

MR. HOUSTON: Why should they be rare? If they have responsibility for oversight, why would you presuppose that those would be rare? Why wouldn't every ask for money be analyzed by the expertise of the trust to say what's going to work here?

Right now, I'm envisioning \$120 million getting us a horse-and-buggy solution while Ferraris are rolling down the highway past us in other areas. That's the risk. I would see that risk being mitigated by the expertise of the trust.

MR. BERNIE MILLER: The gap is the misunderstanding of strategy implementation, which will be placed in the hands of a duly-qualified Crown corporation that will be given the capacity and authority to execute the strategy.

When I say it will be rare, the work that you are alluding to will be essential to effective implementation of the strategy. I think our difference is just that you envision it would be done at one level, and I am envisioning that it will be done at the Crown corporation level. The role of the funder would be to do appropriate due diligence to verify that the investment is going to achieve the outcome. The actual strategy implementation - the piece that, in your mind coming into this meeting, might have been a trust responsibility - will actually be a Crown corporation responsibility.

MR. HOUSTON: The trust is meant to be arm's length - a Crown corporation that knows.

Mr. Miller, have you worked with Ms. MacDonald in your career?

MR. BERNIE MILLER: Yes.

MR. HOUSTON: Have you worked with Mr. Keefe in your career?

MR. BERNIE MILLER: No, I haven't.

MR. HOUSTON: You are going to fill three more trustee positions before the end of June, right?

MR. BERNIE MILLER: Just to be clear, I'm not going to do that. It is the responsibility of the managing trustee.

MR. HOUSTON: There will be three more positions filled before the end of June?

MR. BERNIE MILLER: Up to three more, yes.

MR. HOUSTON: It could be one?

MR. BERNIE MILLER: Yes.

MR. HOUSTON: What is your understanding, if any, of the exhaustive level of search that might be performed for the trustees? It's a pretty small circle so far - a couple of retired deputy ministers.

MR. BERNIE MILLER: From the conversations I've had, the competency that is now being sought is someone who is not currently affiliated with an Internet service provider but brings a level of knowledge to it that addresses knowledge of telecommunications and Internet service provision.

[10:15 a.m.]

MR. HOUSTON: That's good. Do you have the job description that might be being circulated somewhere?

MR. BERNIE MILLER: Again, this is in the hands of the managing trustee, and under the trust agreement, having formed the trust, the managing trustee has the responsibility for filling the roles at her discretion, between now or between the formation of the trust and the end of June.

MR. HOUSTON: Completely at their discretion. So you wouldn't be aware of how exhaustive that search is. I guess what I'm curious about - is it the same type of search that we sought for the Chair? I don't want to over-simplify it, but it sounds like a few people

sat around the department and very quickly, in your words, came up with the one person who should be the Chair for this. Then as the Chair fills out the other roles, is it your expectation that those would be similar deliberations?

MR. BERNIE MILLER: The independence of the trust is something I have to recognize. For many good reasons, having conferred responsibilities on the managing trustee, it's not for me to either direct or second-guess processes that the managing trustee pursues.

MR. HOUSTON: Did the managing trustee determine that the Waterfront Development Corporation should be the Crown corporation that basically makes the decisions on the money?

MR. BERNIE MILLER: No, that would have been a policy decision of the department and the Minister of Business.

MR. HOUSTON: So the department decided on the trust structure and decided the person to run the trust.

MR. BERNIE MILLER: The department developed the policy framework for implementing the strategy and recognized that there were two components - the funding component and the strategy execution component - then we informed the decision on how best to achieve each. For the funding component, we identified the former Deputy Minister of Finance and Treasury Board as someone who from a staff level we would recommend as the trustee to initiate the trust, and then have the other skills sets - the competencies determined at the trust level.

Just to come back to your earlier question, if there are recommendations you wish to make, certainly that's something that's relevant, but it is in the hands of the trustee to make that determination on what competency is needed and how we fill that competency. I've been involved at the early stage to help articulate what the competencies would be and it was finance, investment and technical knowledge of Internet.

MR. HOUSTON: Okay, the department recommended the trust structure. The department recommended the chairperson of the trust. Did the chairperson of the trust recommend that a Crown corporation do the operations?

MR. BERNIE MILLER: No.

MR. HOUSTON: So the department recommended the trust structure and recommended the one applicant that they saw in their wisdom was appropriate. Then the department recommended that the specific Crown corporation be repurposed for this. Did the chairperson need to approve that?

MR. BERNIE MILLER: No.

MR. HOUSTON: So the department kind of lined this all up. Do you consider this to be arm's length from the department?

MR. BERNIE MILLER: I certainly consider the trust to be arm's length. To your earlier comment, I think it's important to recognize that in 2015 the Department of Business was expressly given the mandate to develop and implement a strategy to achieve the goals in rural broadband. What you're describing is part of an ongoing process that started in 2015 with the formation of the Department of Business to implement a strategy.

MR. HOUSTON: That might be what I am inadvertently describing, but what I'm actually trying to do is raise a concern. The concern is, who is going to get this done? There's going to be so much finger pointing between the department and the corporation, and all of a sudden, there's a very real possibility that most of the money will be gone. It might not be 72,000 households in the province that don't have adequate Internet, but it's going to be a good number.

I'm concerned about accountability for this money, that's what I'm trying to raise. I'm very concerned about the ultimate accountability for this money. The only way we can get good value for this money is if we're making sure that people with the right expertise are pulling the strings, and I don't see that so far.

MR. BERNIE MILLER: I have confidence that through the engagement of consulting expertise but also with the capacity of people within the department developed since 2015 and before, in terms of developing the strategy, particularly learning from the past that an appropriate and effective strategy implementation process has been developed.

I do understand that this is the Public Accounts Committee and your role and responsibility in that.

MR. HOUSTON: Would you be concerned that the 48-page Brightstar report never mentions Bell's Wireless to the Home solution? Would you be concerned about that?

MR. BERNIE MILLER: The technology that can be deployed is not in any way limited by the advice from the consultants. What they were addressing was service gaps in low-density areas of the province, in particular, or lower-density areas of the province. I'll ask Monique to step in on this. There seems to be a presumption that 5G is - if the words specifically aren't there, that it's something . . .

MR. CHAIRMAN: Order. I'm sorry, time has expired. We'll now turn to the NDP with Ms. Roberts for 14 minutes.

MS. LISA ROBERTS: Mr. Miller, I think I heard you say in an earlier answer - referring to the Middle Mile - that these will be privately-owned assets that are publicly funded, is that accurate?

MR. BERNIE MILLER: Yes, that's the current frame of reference.

MS. LISA ROBERTS: Does that change with the involvement of the Waterfront Development Corporation, with the involvement of a Crown Corporation in this mix?

MR. BERNIE MILLER: No, not at this point.

MS. LISA ROBERTS: Earlier when we asked a question during Question Period in the last Spring sitting, the minister said that this will not be giving funds away to corporations. Are we giving funds away to corporations to respond to a market failure?

MR. BERNIE MILLER: I would not, in any way, use the words "giving funds away." We're going to enter into service delivery contracts with service standards that would ensure that Nova Scotians get broadband delivery through the existing network, which is predominantly privately owned and through the expanded network and will include filling the gaps through contractual arrangements, predominantly either with municipalities or private sector entities.

MS. LISA ROBERTS: I looked briefly at Brightstar's website just to try to understand them a little bit more. They make reference to working with a number of different clients, though I didn't see any reference to them working with government.

I'm questioning whether these reports might have looked quite different if somebody had approached this same challenge with the idea of Internet as strategic public infrastructure as their frame of reference. Would you comment on that?

MR. BERNIE MILLER: I'll start briefly. Brightstar had a number of positive features, and one was that they were connected to and worked with the Eastern Ontario Regional Network. We looked at that particular area and saw the challenge of the population base. We saw some very transferable skills and knowledge that would allow us to benefit from both the trials and errors that happened in other jurisdictions.

With that, I'll ask my colleague to jump in.

MS. MONIQUE ARSENAULT: The project in Ontario, I would say, is in the public realm in the sense that the entity, the Eastern Ontario Regional Network, is a municipally formed entity. Their responsibility is to their constituents in that respect. Their board is made up of county CAOs. Their project was funded through federal, provincial, and municipal funds.

The Brightstar group has worked in conjunction with them on projects like that and worked with other local municipalities as well on their projects. They do have that familiarity. Their lens may be a business lens, but their partners certainly have the public value lens.

MS. LISA ROBERTS: In that project, who owns the infrastructure?

MS. MONIQUE ARSENAULT: In the Ontario project, there's a mix of ownership. Through the federal funding that they received, they were required to have partial ownership of their assets. They have ownership of up to 51 per cent for a period of seven years, and then they sell it back to the private sector. It's a requirement of their funding mix.

MS. LISA ROBERTS: There are other models out there. In Olds, Alberta, I know that the town owns a network and is actually able to attract high-tech entrepreneurs away from Calgary as a result of great Internet access. In southwestern Ontario, there's a not-for-profit collective broadband initiative. There are different options out there which could involve us investing in Internet connectivity as public infrastructure for the long-term, which seems to be the direction that Annapolis County is going in.

In 2016, I think it was, there was a \$1.4 million fund that was made available to municipalities and other groups in Nova Scotia for projects up to \$75,000. That seems like a very small cap. In terms of funding, it seems like a small pot, and it seems like a small limit on funding proposals. But it seemed to be well subscribed. What impact did those investments have in terms of actual end users being able to access Internet in some of those gaps that have existed in Nova Scotia?

MS. MONIQUE ARSENAULT: From our perspective, the intent of that program was that the funds would be used to put the infrastructure in place. That is the component that we can speak to - 18 of those 22 have reached completion, so the actual equipment is now in place. They have the ability to reach up to about 5,000 areas in total. The number of actual subscribers, we don't control. That's dependent on those who choose to have uptake on that. We have put equipment in place that could reach up to that many people currently.

MS. LISA ROBERTS: How was that experience informed where we're going with this strategy now?

MS. MONIQUE ARSENAULT: Those projects helped support on a local level and get infrastructure in place. They certainly address the needs that we have today. What we would look at as we go forward is how work like that supports the longer plan and the bigger approach. How do we make sure that communities and municipalities are engaged appropriately and that the projects that go forward meet the targets that we need?

If there's a local proponent that can reach the speed targets, can make it sustainable and scalable and ensure that it really accomplishes what Nova Scotia requires, then that's certainly an available option. That really needs to become the focus, making sure that we're getting that quality of service to meet the needs of the province.

MS. LISA ROBERTS: "Strategy" is used a lot in these documents and in this conversation. The Brightstar reports are referred to as the Middle Mile Strategy and the Last Mile Strategy. Do we actually at this point have a strategy that is finalized as a result of these reports? Do we have a strategy for how we're building this?

[10:30 a.m.]

MS. MONIQUE ARSENAULT: These two reports are reference designs. These show, at the high level, what we require across the province. It's giving us an educated position to understand what we need to do. The next phase is taking those two documents to guide the implementation plan, how you now approach putting actual equipment across the province. That's the next step of the work that Waterfront Development will be engaged to do.

MS. LISA ROBERTS: Would you say that we got what we expected and anticipated from the Brightstar reports? They're referred to as strategy, but when I look at the recommendations, they're still aspirational. They're not strategy but aspirational: we should connect 95 per cent of Nova Scotians, we should have 50 megabytes per second download capability, we should build this in two to five years. That to me still feels fairly high level and aspirational as opposed to, "We're giving you a plan to follow for how you can get this done."

MS. MONIQUE ARSENAULT: I appreciate the perspective on that and would agree that that would be how it would present itself. The distinction is, the work that we did with Brightstar was to give us an unbiased view of what we needed. The only groups in the province that can say where exactly it's going to go when are the companies that are actually going to provide the service.

The approach with this was how we ensure that the province is informed on what is really required. If you go out to the market and say, "We want to address Internet. Do you require provincial investment?" and leave that in the hands of industry to inform that decision, we don't have the information we need to validate whether or not that is correct. What this does is allow us to say, "Knowing what we know today, knowing where there are the pockets of people that we need to make sure that we are getting service to, and knowing where we have equipment today, what is it going to take to fill those gaps?"

The work that they have done is an unbiased view of that to inform government on what investment might be required to make the business case for industry to do it. The next step of that is to go out to the marketplace, engage those who can provide the service, and

get to that next level of detail to say, “This is exactly where it’s going to go, exactly where it’s going to be, and exactly how many people will get covered in these regions through that process.”

MS. LISA ROBERTS: There are regions of the province where municipalities and non-profit groups have already responded to gaps that exist. Are you discounting them as potential players moving forward to respond to these requirements as are laid out in the Brightstar report?

MS. MONIQUE ARSENAULT: Not discounting as a potential proponent. If there are groups out there that have solutions, again, it’s going to come down to the quality of that solution. If they can meet the targets, can meet the coverage, can show that they can maintain it, and can show that they can sustain it, then certainly it would meet the criteria.

The eligible beneficiaries through the trust are currently municipalities, Internet service providers, and those proponents that were successful in receiving Connect to Innovate funding through the federal program. A community group currently is not eligible directly through the trust. However, they could work with a municipal partner or with their Internet service provider and be eligible through that avenue.

Again, it’s not the size or type of organization that we would be hinging it on. It really is down to the solution and making sure that solution is viable, that it meets Canadian regulations, and that it’s going to accomplish what we want.

MS. LISA ROBERTS: The bottom line that I think I’m hearing is that the bulk of the funding in that \$120 million will go to industry to do what the market is not doing currently. Am I correct in that?

MS. MONIQUE ARSENAULT: The process to determine who will receive the funding hasn’t proceeded yet. Until that is done, it’s a difficult question to answer. It could potentially be a mix. It could potentially be one or the other. Until that competitive process is completed, the answer isn’t known.

MS. LISA ROBERTS: Looking back at that group of projects that went ahead in 2016, the 18 of which are complete, do you see examples there that point to possible paths forward for other communities or other gaps that exist around Nova Scotia?

MS. MONIQUE ARSENAULT: A majority of those projects still engage the private sector, so I would say that even though the funds flowed through the community, the community didn’t necessarily lead the project. There was a combination of both. There’s learnings from all of those projects. As the implementation of this work gets under way, that will certainly be taken into consideration as well.

MS. LISA ROBERTS: How will that get taken into consideration? Is it through the Department of Business and yourself, or is there going to be an attempt to somehow transfer that learning to Waterfront Development or to the trust? How do we benefit from the experiences that groups like the Municipality of the District of Shelburne and Glooscap First Nation have had in actually addressing the gaps?

MS. MONIQUE ARSENAULT: As the department, we can ensure that that intel is transferred forward through to Waterfront Development and make sure that connections they may need to those proponents are made if necessary.

MS. LISA ROBERTS: I have 30 seconds - I'm going to close here. Thank you very much for your answers.

MR. CHAIRMAN: We'll now turn over to the Liberal Party for 14 minutes. Mr. Maguire.

MR. BRENDAN MAGUIRE: I can understand the cautiousness that is being shown here by the members opposite, especially when it comes to high-speed Internet in rural Nova Scotia. There has been a history here in Nova Scotia of previous governments making promises. In fact, one of the other Parties made a promise to cover 100 per cent of all Nova Scotia with high-speed Internet. I can understand that when your own Party doesn't live up to the expectations and the promises they made, there is a cautiousness from their members.

The question I have when it comes to coverage in Nova Scotia is, is it possible to get 100 per cent? I picture somebody in the middle of nowhere living off the grid or living back in the woods. Are they going to receive high-speed Internet? How is it going to be determined how much of Nova Scotia will receive high-speed Internet?

MS. MONIQUE ARSENAULT: To answer the first question, it's not possible. That is the information that we have been provided by industry and through the Brightstar work as well . . .

MR. MAGUIRE: Sorry to interrupt, but the experts have told you that promises made by previous governments - it's not possible to cover 100 per cent of Nova Scotia.

MS. MONIQUE ARSENAULT: The expert opinions are that it is not possible. There will always be somebody somewhere - even through satellite technology, there will be something blocking, not allowing them to get the service. It's pushing as close to that 100 per cent target as we can get to.

To get to the response of how you determine where, the way in which the design was approached was looking at taking all the properties that we know we have in the province. They worked with Property Valuation Services to do that, to identify every single

property we have and which of those would draw on Internet - a house, a business, a park - that may need those things. Next is identifying, within a range, if we were to accurately serve them, what that range needs to look like, and drawing the design based on that.

The design will approach how we cover that range in a reasonable method. Those who may be on the fringe of that range - it will be determined by who can and cannot ultimately receive satellite service at the end of the day.

MR. MAGUIRE: Will you have that conversation with those individuals who were given false hope that they will receive high-speed Internet by previous administrations? Will you have that conversation? Will there be a public consultation to say, unfortunately - we have the experts here, whether it's Bell or Eastlink or whoever, that are saying this is just not possible?

MS. MONIQUE ARSENAULT: There will be engagement work done throughout the implementation. Making sure there is understanding of what is possible and what will be achieved will be part of that, and making sure that that message is understood.

MR. MAGUIRE: As it stands right now, we have several large providers here in Nova Scotia. I'll use Bell for example. Bell - previously Aliant, previously MT&T - has been in the business of Internet since the beginning of time. In fact, they have been in high-speed now for well over 20 years. If I am a director or the CEO of Bell, what incentive do I have to go into areas that I previously did not want to go into?

MS. MONIQUE ARSENAULT: I would say that that defines the intent of why the work was done. From an industry perspective, the areas they look at look at where the return is for them. They look at the business case to see where we have clients who are going to give us enough revenue to offset our cost.

The work we've done to date is to look at what investment is required by other partners to help with that scenario. Bell, for instance, would go forward to their leadership with communities to say, I need to get the following level of return to proceed in this community. What we would be working for as we go forward with this work is what is that level of investment needed to make that palatable so that they are willing to proceed and put that service in place.

MR. MAGUIRE: Do you think without this \$120 million investment - would those companies proceed forward, or would we still be in the same position that we are in today?

MS. MONIQUE ARSENAULT: The analysis that was done through the Brightstar report shows that the business case is not there for them to proceed on their own so they will not make enough revenue off the clients, based on the cost it would take to put the infrastructure in place to proceed.

MR. MAGUIRE: So, without this investment, they're just simply not going in?

MS. MONIQUE ARSENAULT: In most areas, yes.

MR. MAGUIRE: What kind of impact is the lack of high-speed Internet having on rural Nova Scotia? Does anyone know? Let's say I'm a blueberry farmer in Parrsboro, what kind of impact will high-speed Internet have on me?

MR. BERNIE MILLER: The absence of it now has a detrimental impact under current circumstances and what's probably more concerning is when one looks at the trends of digital use in a range of industries - whether it's farming, fishing, whether it's a distributed workforce, whether it's tourism - without the ability to connect the global economy, without the ability to do, for example, distributed manufacturing, 3-D printing as an example, which would help that, you're kind of left behind as the rest of the world is advancing.

The investment, as I said in earlier remarks, will positively impact gross domestic product. That's virtually a given, based on all available economists' analyses of investment in broadband. On a micro level, it means people can do things that they're not able to do now. Tourism is an example where they can take bookings, where they can have their customers come in and connect through wireless to check the office back in New York or wherever it may be. These gaps are impeding the opportunity for business.

MR. MAGUIRE: If we take the economic benefit out of it for a moment, people are communicating now through FaceTime and Skype and all that. Obviously, when you have a family, your kids go off and they do their own things, they move to different parts of Nova Scotia. That's another important factor, I think. I would think that would also have an impact on keeping rural communities alive.

Also, I think it would probably have an impact - correct me if I'm wrong - on the real estate. If I am going to buy a home somewhere that doesn't have high-speed Internet, the way technology is today and the way we do business and the way we communicate, it would definitely have an impact on the value of those homes, do you not agree?

MR. BERNIE MILLER: I would agree. It's a service like many other services, and the absence of it could have a detrimental impact.

MR. MAGUIRE: This is just for my own curiosity, but high-speed Internet has been around for a long time. I remember working at Aliant - or it was MT&T at the time - when we were struggling to get high-speed Internet into Clayton Park. I think it was called MPowered at the time, but we were struggling just to get high-speed Internet into Clayton Park. The executives at the time had the foresight to see that that was a community that was going to explode - that's why they get paid what they get paid, they were correct.

Why are we where we are today? Why is it that such a large portion of Nova Scotia does not have high-speed Internet? I would argue that it may be even more vital than a landline phone. The landline investment has been made straight across Nova Scotia, obviously, and it has been made in communities that have low density. Cell towers are being propped up in communities that don't have as high a density as some of our urban cores. Is it mainly just dollars and cents? Is it the price of running fibre op to these communities that has stalled out the process?

[11:45 a.m.]

MR. BERNIE MILLER: Yes, that would be a major factor. There would be a number.

I'll preface it by saying that Nova Scotia is not unique in this challenge when you look across Canada. Anywhere there is a lack of density in rural populations - Saskatchewan, Manitoba, northern Ontario - if you don't have the density, if you just let the market forces decide, then the services will not reach those areas. The basic principles of economics in a commercial environment are an impediment.

That really gets to your point, which is the capital investment required: \$300 million to \$500 million is a significant capital investment. The desire or political will to make that level of investment has been lacking in jurisdictions. People are now coming to that realization, and we see the federal government raising this as an issue. When you look at it in context - even at that, \$750 million for Canada versus \$120 million for Nova Scotia - it shows the capital commitment required to address this problem. Those are barriers.

The third barrier would be that people didn't anticipate - even though Moore's law has existed for a while - the dramatic and continual rise in digitization and computing power. People of my generation perhaps always thought there would be a plateau, that Internet demand and technology would grow to a point, and then it would level off. That's clearly not the way the world is going. Internet demand and other computing power are growing exponentially.

MR. MAGUIRE: I can tell you that a lot of people did foresee this happening. It's interesting that you say plateauing - I don't think we're anywhere near. I recently read an article where a gentleman was paralyzed from his waist down, and they had implemented a computer chip into his brain. Every day, they sent him in and they reprogrammed his brain. Within the last 12 months, he has regained access to his arms and is playing guitar. I do think we're just at the tip of the iceberg for this stuff.

I think it would be interesting to go back to see if there was a provincial or federal investment in telecom to run poles out to these various areas. Obviously, there would have been a provincial investment in power, as we owned the power company. History has shown that these communities were serviced with power because of a massive investment

by government. It would be interesting to see if we're going down the same road and the success stories that we have seen with landline phones and power in general.

We're seeing a lot of people being very creative in how they're setting up their own little mini towers. With the technology we have today, I could literally put something on the roof of my house and share Internet - obviously I don't have a licence to do it - I could share my home Internet with my neighbourhood if I wanted to. We're seeing some of that stuff in rural Nova Scotia where people are able to use transmitters and receivers to go across great distance, up to 5 kilometres or 6 kilometres.

My question is, if I have an idea tomorrow - not that I do - and I want to provide high-speed Internet service to a community that is lacking it, what is the process? Who do I approach? I just want some clarification between the trust, the Crown corporation, and the Department of Business. How does an idea happen, and how do we get those wires in the ground?

MS. MONIQUE ARSENAULT: There are a couple of different components to that. One thing I would say on the evolving technology side is that one of the things we have learned from the last project is that - it was quite specific. When the broadband for rural Nova Scotia program was put in place, it was very prescriptive as to what the technology had to be, right down to the exact equipment on top of the tower. We want to learn from that, allowing the process to continue to evolve with technology so that if there's a viable technology that comes out that can meet what we're trying to do that it's still considered eligible so that those ideas are considered.

As far as going through for connections, I can certainly still be that point of contact as we work to get the trust and the Crown up and functioning as they need to. We can make sure that all of that information is considered as we go forward.

MR. MAGUIRE: If I'm understanding you correctly, I like the idea that it's not as restrictive when it comes to implementation and technology . . .

MR. CHAIRMAN: Order. The time has expired for questions today. I would like to thank all the members for their informative questions and answers. We will now turn it over for closing remarks if you have some, Mr. Miller.

MR. BERNIE MILLER: I have a few very quick high-level closing remarks. I do appreciate the discussion we have had today and the comments about accountability. When we put this in the larger context of global economic opportunity, we're in the sixth wave, if you want to count phases of economic growth. Digital opportunity is a key element of joining that sixth wave of economic growth. This is a very important project for the province.

As we have learned from the past, I think it's important that we move as fast as reasonably possible but take the time to do it right. No matter how you slice it, those are push and pull, but I think it's important - as fast as reasonably possible and taking the time to do it right. The Department of Business and our colleagues in Waterfront Development Corporation, which will be re-mandated as a strategic economic infrastructure entity, wants to meet both of those - as fast as reasonably possible but taking the time to do it right.

The other important lesson from looking at the past is to have a future orientation and recognize that in terms of the delivery of public services or the way in which the economy operates, the pace of change is faster than it has ever been, so we need to build in scalability and the ability to adapt to changing circumstances. The positive of this investment is that it removes geographic barriers. It doesn't eliminate them completely, but it certainly removes geographic barriers.

As I was driving in this morning, I was listening to somebody from the registrar's office of Acadia University reminding people that the way in which you used to pick your university is, you would go to the office of the guidance counsellor, and you would get the one copy of the course calendar and flip through the course calendar. If that happened to be signed out the day you were going in, Acadia wasn't in the running, and you might be looking somewhere else. It was just a very tangible reminder of how the world has changed and how being connected digitally is so essential not only to our present but also our future.

Removing geographic barriers allows for a whole range of opportunities, including tourism, fisheries, oceans, agriculture, distributed manufacturing, and most importantly a distributed workforce. We have a beautiful province and a great place to live. If you can do that and also, through your Internet connection, compete in the global economy, you have everything going for you.

We're proud as a department to have this responsibility. We'll certainly do our best to respond to your questions in the follow-up and deliver on this project.

MR. CHAIRMAN: Thank you to the witnesses for an informative session. We have some committee business. I believe there was correspondence from the Department of Health and Wellness that was circulated from the May 9th meeting. I believe everybody received that.

The next meeting date is September 12th in the Legislative Chamber. That will be the Department of Health and Wellness, funding for home care.

Mr. Houston.

MR. HOUSTON: The next meeting is September 12th. That's a three-month break for this committee. I don't think that's appropriate; I don't really think that's in the public interest. In previous weeks, I have put some motions forward to bring in Internal Services

for FOIPOP. That was denied a couple of times. I made a motion last week to bring the topics from the Auditor General's Report forward. That was defeated by the committee majority.

If I look at the gap until the next meeting, I don't think it's right. I would like to propose something else to the committee here. It would normally be typical for this committee to meet at least until the end of June. We have three more possible meetings during the month of June. I would like to make a motion that the committee move forward some of the topics from September, which have been approved by the committee and are scheduled for September. I'd like to make the motion that those topics come forward and appear in June.

If the departments aren't onside with that, which I presume is part of the reason we're not getting much co-operation from the departments for whatever reason - I suspect I know what some of the reasons might be - the committee does have the power to force those witnesses to come. The committee has agreed on the topics and I'd like to make a motion that this committee today instruct the clerk to use the clerk's subpoena powers or whatever the case might be, to bring the meetings from September 12th, 19th, and 26th forward and have those departments appear June 13th, June 20th, and June 27th.

That would be my motion, that the committee meet until the end of June.

MR. CHAIRMAN: There's a motion on the floor. Mr. Wilson.

MR. DAVID WILSON: I would agree with seeing if we could utilize some of the open dates that we have in front of us before the summer break, to get some of the witnesses that we've all agreed to present to the Public Accounts Committee.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. LOHNES-CROFT: May we take a two-minute recess?

MR. CHAIRMAN: We are going to need to have approval to go beyond 11:00 a.m. Is that in favour with everybody? I see everybody in agreement, so okay, yes, we'll take a very short recess.

[10:56 a.m. The committee recessed.]

[10:58 p.m. The committee reconvened.]

MR. CHAIRMAN: Order, I call the meeting back to order. Mr. Johns.

MR. BRAD JOHNS: Mr. Chairman, one of the perceptions that residents have is that MLAs don't do very much during the summer months. We all know that that's not

necessarily true but that is a perception. I do support the motion that's before us. I think that given the fact that the majority of MLAs on this committee seem to be more local, I think it would also help with public perception.

Having said that, I would like, if possible, to ask for a recorded vote, please. Thank you.

MR. CHAIRMAN: Mr. Maguire.

MR. MAGUIRE: In my five years sitting on this committee, I don't think we've ever used a subpoena to call anyone in. I don't see the reason to use a subpoena. I would think that that type of authority would be used in emergency situations.

The truth of the matter is these departments are extremely busy, they have a lot on their plate. They've planned probably weeks if not months in advance, so to ask them to come in on basically less than a week's notice is just not fair.

Once again, I'll go back - we have a procedure that has been in place with this committee for as long as I've been on it. Just because one or two individuals don't like that procedure doesn't mean that we should be changing it.

[11:00 a.m.]

The fact of the matter is there was an agenda-setting committee. I wasn't part of it. I would think that everybody sat around and had an agreement and put an agreement in place and this was agreed upon, so we will not be voting yes on this motion.

MR. CHAIRMAN: Mr. Houston.

MR. HOUSTON: I just want to clarify something that maybe the member missed. What I'm actually talking about is topics that have been approved by the subcommittee, been approved by the committee, that I would suggest the clerk has had trouble getting to appear before the committee.

The fact that we have three empty slots in a row suggests to me that the departments aren't necessarily being co-operative and maybe the clerk is hearing back that "we're busy, we're too busy". But they have an obligation to appear before the committee when the committee calls them.

I expressed earlier in the committee today that some of the suspicions I have around perhaps whether - we know that this committee, the Liberal members, use their majority to keep things away that they don't want to talk about. They don't want to talk about the Auditor General's findings with the departments so they've kept that away. They don't

want to talk about the breach of privacy information so they've kept that away. They've made it quite clear, they voted.

I suspect that behind the scenes, away from the cameras, maybe it is being suggested to the departments that they'd be busy for a certain period of time as to not appear before. If it's going to become the custom that the government not only determines what witnesses can appear but also when they will appear, that's not a good precedent for this committee.

We have three empty days. I'm suggesting what I thought was a very palatable way for this committee to fill those days with approved topics but I'll wait for the vote to see if the majority members from the government side, from the Liberal caucus, if they want to go to work for three more weeks or if they want a three-month break from the committee. That's for them to decide.

MR. CHAIRMAN: Mr. Maguire.

MR. MAGUIRE: I want to thank the member for his assumptions. I don't speak for everyone here but for myself, I know that the next three months isn't time off. It may be for that member but I'll be out in the communities working hard, working with departments. I think it's almost insulting to kind of perpetrate those kinds of comments and those kinds of theories.

The truth of the matter is, we've been through this. There is a way that this committee operates. We actually meet more than any other committee in Canada. There's an agenda-setting motion and time set aside that I think that member is part of and to just change the rules on his every little whim is just inconsistent with the way that this committee has worked over the last decade. I would ask that you call the vote and we'll gladly vote.

MR. CHAIRMAN: There's a motion on the floor to have the September witnesses brought forward to June, summary to that, and there has been a request for a recorded vote. We'll start with Ms. DiCostanzo.

YEAS

Mr. Houston
Hon. David Wilson
Ms. Roberts
Mr. Johns

NAYS

Ms. DiCostanzo
Mr. Maguire
Mr. Jessome
Ms. Lohnes-Croft
Mr. Gordon Wilson

The motion is defeated, five votes to four. Mr. Houston.

MR. HOUSTON: Just on a procedural question, Mr. Chairman, is it the custom that the Chair votes before the committee members have voted?

MR. CHAIRMAN: Yes.

MR. HOUSTON: Thank you.

MR. CHAIRMAN: You're welcome.

Seeing no further business, the meeting is adjourned. I thank everybody very much and have a nice summer.

[The committee adjourned at 11:05 a.m.]