

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, January 9, 2019

Legislative Chamber

Grant Programs:

May 2018 Report of the Auditor General, Chapter 1

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Public Accounts Committee

Mr. Eddie Orrell (Chairman)
Mr. Gordon Wilson (Vice-Chairman)
Mr. Ben Jessome
Ms. Suzanne Lohnes-Croft
Mr. Brendan Maguire
Mr. Hugh MacKay
Mr. Tim Halman
Ms. Lisa Roberts
Ms. Susan Leblanc

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Mr. Andrew Atherton,
Assistant Auditor General

Ms. Ashley Richardson,
Audit Principal

WITNESSES

Department of Agriculture

Mr. Frank Dunn,
Deputy Minister

Ms. Peggy Weatherbee,
Manager - Programs and Risk Management

Department of Communities, Culture and Heritage

Ms. Tracey Taweel,
Deputy Minister

Ms. Rebecca Doucett,
Manager - Financial Services

Department of Finance and Treasury Board

Mr. Byron Rafuse,
Deputy Minister

Department of Lands and Forestry

Ms. Julie Towers,
Deputy Minister

Mr. Remi MacDonell,
Manager - Financial Services



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, JANUARY 9, 2019

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN
Mr. Eddie Orrell

VICE-CHAIRMAN
Mr. Gordon Wilson

MR. CHAIRMAN: Good morning people. I call the meeting of the Public Accounts Committee to order.

If I could remind everybody in attendance to put their cellphones on vibrate or silent. If we could, when speaking into the microphones, keep them in front of your face instead of up or down. I will start by asking the committee members to introduce themselves, starting with Mr. MacKay.

[The committee members introduced themselves.]

MR. CHAIRMAN: On today's agenda we have officials from the Department of Agriculture, the Department of Communities, Culture and Heritage, the Department of Lands and Forestry, and the Department of Finance and Treasury Board with us to discuss Chapter 1 of the May 2018 Report of the Auditor General regarding grant programs.

At this time, I would like to let the witnesses introduce themselves, starting with Ms. Richardson.

[The witnesses introduced themselves.]

MR. CHAIRMAN: Now if I could, I will get each of the witnesses to do short introductory opening remarks and then we'll move on to questioning from the caucus members, starting with Mr. Rafuse.

MR. BYRON RAFUSE: Good morning, Mr. Chairman, and committee members. I would like to make some brief opening remarks regarding Chapter 1 of the Auditor General's May 2018 Report related to government grant programs.

Currently, grant programs are designed and administered by individual departments. While the Department of Finance and Treasury Board does not have a grant framework at this time, there are general controls for all expenditures across government and we ensure departments are aware of their obligations.

As the Auditor General has noted in his report, the delivery of grant programs varies across departments. The Department of Finance and Treasury Board supports the consistent approach to administering grants, in addition to the internal expenditure controls that already exist.

We have agreed to work with the Executive Council Office to develop a framework to support this goal. We are looking at getting a better understanding of what departments are doing with their current grant programs and we will be researching best practices in other jurisdictions to help guide this framework.

We appreciate the work of the Auditor General and his staff in bringing attention to this issue. I look forward to working collaboratively with my colleagues across departments and the Executive Council Office to develop this framework that is right for Nova Scotia.

MR. CHAIRMAN: Mr. Dunn.

MR. FRANK DUNN: Thank you and good morning to members of the committee. Thank you for inviting us today.

I want to take a quick moment just to introduce Peggy; she introduced herself earlier. She's the Manager of Programs and Business Risk Management for the Department of Agriculture. Peggy has a Bachelor of Science Degree in Agriculture from the Nova Scotia Agricultural College and has been with the department for almost five years. She started her career in Nova Scotia. She then went to Prince Edward Island and went out to Alberta and Saskatchewan for a while. We're happy to have her back with us.

Once again, Mr. Chairman, thank you for the invitation this morning. Agriculture is the backbone of the economic driver for rural Nova Scotia. We have almost 3,500 farms across the province that employ 4,700 employees. You can see that farming remains a critical contributor to the health of the rural economy. Agriculture supports local business,

keeps people employed in their communities, creates stability in rural Nova Scotia, and contributes to our province's food security.

We're always looking for ways to grow our agriculture and agri-food sectors. We want to create conditions, through regulation and prudent investment, that can help the industry take the lead in reaching its full potential.

We appreciate the Auditor General's recommendations and welcome his advice. The Auditor General has made constructive recommendations to the department. These recommendations support many of the changes that are being made to the administration of our granting programs. In fact, a new grants management system was implemented in the Fall of 2018 to address the recommendations that were made by the Auditor General. We continue to develop, and enhancements are under way.

The Auditor General audited programs under the old Growing Forward 2 program. Since then, the new Canadian Agricultural Partnership - or CAP as we call it - came into effect on April 1, 2018. It includes strengthening provisions for performance management, measurement, and reporting. These provisions are consistent with the recommendations that were made by the Auditor General. The Canadian Agricultural Partnership is an investment in sustainability, productivity, and profitability in Nova Scotia agriculture, helping our industry to be more innovative and continue to create jobs and opportunities in our rural communities.

Finding ways to work together to broaden the effectiveness of the Canadian Agricultural Partnership and the success of agriculture in our region is in the interest of all of us.

With that, Mr. Chairman, I conclude my comments.

MR. CHAIRMAN: Ms. Taweel.

MS. TRACEY TAWHEEL: Good morning and thank you again for inviting me to be here today to share information on our grant programs. I'm joined by Rebecca Doucett, the Manager of Financial Services.

As you would well be aware, the mandate and work of Communities, Culture and Heritage is fundamentally about investing in the people of Nova Scotia in our communities, businesses, ideas, culture and heritage, health and well-being, and the ties that bind us together. Through our grant and contribution programs, we are making important investments across the province, investments that connect Nova Scotians and help keep our communities strong and vibrant. Almost 70 per cent of our budget is invested directly into Nova Scotia communities.

We are always looking at ways to be more effective with our work and appreciate the Auditor General's insights and recommendations. We welcomed the advice on improving accountability and the need to be more consistent in administering our grant programs. Previous to this audit beginning, we had also identified the need for improved processes and reporting through the consultation process in support of the Culture Action Plan. Our work, which will also address the Auditor General's recommendation, is under way.

We were pleased that the Auditor General recognized that our grants spending is in line with department requirements and is being awarded based on eligibility criteria. However, we know that the processes for grant programs can be better. We are working to be more consistent across our grant programs in terms of how we evaluate and measure and document that evaluation and measurement and also to improve our monitoring and report.

I would like to take just a moment to update you on our response to the AG's recommendations and the progress we have made. We are currently undertaking an evaluation of all grant and funding programs. The outcome of this review will provide direction for performance indicators, tools to measure performance, and evaluation methods for regularly evaluating those grant programs. CCH has revisited program guidelines, re-educated staff, expanded responsibilities where required, and created checklists for program evaluation and assessments. The department has used the results of this audit as a first step in addressing administrative gaps. A documentation and filing process has been created for all funds that are deemed discretionary.

From a retention perspective. In 2013, the department implemented a standard for operational records known as STOR to ensure that records are managed according to the Government of Nova Scotia standard approach to records management.

The STOR provides the retention schedule and disposition plan for all records pertaining to funding administration. As part of our current records management activities, we are reviewing the programs and funding portion of the STOR to ensure the scope of the schedule remains current.

We are also increasing our efforts across the department to ensure record management practices and the application of STOR is consistently applied to all records regardless of format.

In addition, we have initiated discussions with our corporate records management office to explore integrating FileNet with our SAP grants management system, so all funding documentation can be uploaded to a single repository where records can be appropriately classified and managed throughout their life cycle.

In closing, I would like to reiterate that we respect and agree with the recommendations provided by the Auditor General and are working to make meaningful changes to improve the delivery of our grant programs.

The team at CCH shares a common vision. We all want our communities to be strong, healthy, empowered and vibrant. We all want a strong culture sector and creative economy. We all want to ensure our communities are empowered to develop community-based solutions and initiatives that best meet their needs. The improvements we are making to grant processes will ensure we continue to fulfill that vision.

MR. CHAIRMAN: Ms. Towers.

MS. JULIE TOWERS: I'm pleased to be here to speak about the Department of Lands and Forestry grant programs. Because I've been with the department a long time, I know them fairly well and there is a lot of really good work that comes out of those grant programs - not just the three highlighted by the Auditor General.

As he introduced himself, Remi MacDonell, who is our Manager of Financial Services, has also worked with most of the resource departments for a while. He knows the programs well and he is very helpful if we have specific questions.

So certainly we agreed - and communicated that we agreed - with the Auditor General's recommendations, and today we can speak about some of the specific actions that we've taken as well after that.

One of the recommendations, which was Recommendation 1.2, related to performance indicators - how we measure performance, how we achieve objectives. We already have a lot in play, but we can speak to some of the things we're doing to enhance that.

We have a team within the department that is very much working on these aspects and will work with all the other departments - not just the ones represented here today. So that includes all those best practices that you heard Mr. Rafuse mention. It's guidelines, assessment tools, how you monitor, et cetera.

We will be applying those to all our grant programs. Really we have that in place for many of them, but we'll be expanding it - not just the ones we're talking about today, which is the Access Road Construction, the Habitat Conservation Fund, and the Off-highway Vehicle Infrastructure Fund.

The other thing you may or may not be aware of is the department has an enterprise risk management framework and it came into being - I signed off on it in January 2018. It provides a risk management framework that walks all department staff through not only

existing programs but any new programs they're developing - to assess risk, analyze it, mitigate it, avoid it, et cetera, right at the start.

I'm sure we'll get into the details of all these programs, but just to let you know, our timeline that we're working on right now is - this winter, we will have a lot of those general guidelines and best practices for within the department as the work goes on for the cross-departmental specific tools. By the Fall of 2019, we will have a lot of that specific risk analysis documented for the three programs that we're specifically talking about today.

I'm very comfortable that we're on the right track for not only how we were, but how we're improving our administration of those programs. I look forward to the questions that come.

MR. CHAIRMAN: Thank you. We'll now open the floor to questions beginning with the PC caucus and Mr. Halman.

MR. TIM HALMAN: Good morning everyone. I would like to thank everyone for their opening remarks and their updates. My question is for Ms. Taweel. We're going to start off with a general question with respect to the Auditor General's Report.

[9:15 a.m.]

In your update, you've indicated that the Department of Communities, Culture and Heritage is certainly working to improve delivery of the grants and funding. I think we would all agree that the delivery of those improvements are often dependent upon the corporate culture or work culture that exists. My interpretation of Chapter 1 of the May 2018 AG Report is that clearly there are some rules that were not followed.

Am I correct in saying that there is something in the corporate culture of these departments that causes some of these rules not to be followed?

MS. TAWHEEL: I would have to disagree with that assertion. I think it's important to note that the Auditor General did recognize that grant spending was in line with departmental requirements and is being awarded - and was being awarded - based on eligibility criteria.

The fundamental observations in the Auditor General's Report relate to administrative deficiencies in terms of appropriate documentation of a risk management process that's been under way - the evaluation that happens with program managers when they're working with their clients properly documenting all of the conversations that they have; having conversations about how a project is progressing or any roadblocks that a client may be facing along the way, and ensuring that is documented in the file.

I can say unequivocally that the culture at Communities, Culture and Heritage is client-focused, client-based, and the staff work very hard to adhere to all guidelines and program criteria that exist.

MR. HALMAN: How then could these outcomes occur if there wasn't a culture of sort of "this is just how we do things"? I would like you to comment a bit more on that, the culture of the workplace. I have concerns that with new rules in place, which is certainly the recommendation, those new rules won't be effective if the culture doesn't change - the corporate culture, the workplace culture.

MS. TAWHEEL: Thank you for your question. I'm going to answer this with a number of points. One point that I would make is, if you review the employee survey that shows workplace satisfaction for the employees in the Department of Communities, Culture and Heritage, we have one of the highest rates of satisfaction and job happiness, if you will, in the Public Service. I'm very proud of that. I think that speaks to the pride and care with which all of our employees take in the work that they do in working with community groups.

What we're talking about here with regard to these recommendations relates to a few elements - largely administrative in nature in terms of documenting and ensuring that we do have proper frameworks in place that support our employees in documenting every conversation that they have and every decision that they make.

We also have a grants management system in place that we need to work a bit harder for us. We've actually made changes already to that grants management system so that everything is not solely resting on the shoulders of a program manager who is administering potentially up to hundreds of grant applications and working with many clients. It shouldn't rest just on their shoulders to remember that a particular report is due by X-date. We should have that automated so that the client receives a reminder, as well as the program manager receives a reminder. We need to make our system work a little bit harder for us.

Our staff are already working extremely hard and are very dedicated to the work that they do, and I think the results show in terms of the clients that we work with. We respect the Auditor General's recommendations and we will be working very diligently to implement every single one of those recommendations. As I mentioned in my opening remarks, we had in fact already begun the work to look at our programs.

We have 83 programs in the department - 34 are application-based. That's a lot of programs, and many of which joined or came into the department at different points in time. Each program comes with its own evaluation framework, its own criteria. We need to take a look at all of those programs to make sure that the criteria are meeting the needs of the clients that we're serving, but that we also have appropriate processes in place that are consistent, which was another point that the team that evaluated the department made.

It's a legitimate point. We need consistency in terms of the application process, the monitoring and the evaluation, and how we document every step along the way.

MR. HALMAN: Am I correct in saying, Ms. Taweel, that consistency is a fundamental approach to reforming or changing the approach? How will the new framework being proposed specifically differ from the old framework in terms of applications?

MS. TAWHEEL: It would be too soon for me to say with explicit detail what the new framework is going to look like. We have just begun the process of evaluating all of our programs. There will be a number of steps along the way.

I can say that part of the scope of that evaluation will look at the fact that we do have 83 programs. That is often very difficult for clients to navigate, as I have mentioned I believe in this Chamber before. Helping simplify the navigation process is a fundamental part of this review, thinking about what we're asking clients to provide every step of the way. We need to apply a risk lens to that so that we are appropriately managing the funds, obviously, that we disburse but also that we are very mindful of the capacity and some of the challenges that some of the community groups may have in applying for funding.

Ultimately, we exist to serve the citizens of this province. That is why all of these programs exist. We need to make sure that we are most effectively serving those clients, so I think it's incumbent upon us - and we heard this through the consultation on the Culture Action Plan - to bring more consistency and more transparency. We need to continue educating our clients about our grants and how they can apply, and as I said earlier, make the system work harder for us so that our staff can spend more time with our clients, helping them appropriately scope projects and think through initiatives that will benefit their communities.

MR. HALMAN: Thank you for your response. Let's focus now on some specific examples. Recently, there have been two large-scale projects that received millions of dollars in funding. I'm going to take them one at a time.

We're going to talk about the new track in Bridgetown. I would like to know, what role did Communities, Culture and Heritage play in the decision for the new track in Bridgetown?

MS. TAWHEEL: The new track in Bridgetown is a project that Communities, Culture and Heritage was aware of and involved in since 2015. You may be aware that we have regional staff located in six regions across the province. The regional manager or director in that part of the province - in the Annapolis area of the province - had been engaged and involved in discussions around the need for a track in that area of the province for quite some time.

You may be aware that there's a long history of track and field in that part of the province. The area had been challenged with appropriate facilities for quite some time and did not have the ability to host meets or to nurture prospective track and field athletes in that part of the province for quite some time. This facility has quite a large catchment area that will take in Annapolis, Bridgetown, Digby - and I'm missing one other community - all along that part of the province. It serves quite a large area and absolutely was meeting a need that had arisen from within the community.

MR. HALMAN: From my understanding, the Municipality of Annapolis is not financially contributing to the track project that you have described. What I understand of the program is that normally the feds, the province, and the municipality each pay a third. In this case, the province is picking up two-thirds of the cost. Why is the municipality exempt from any financial responsibility?

MS. TAWHEEL: There is a community group in the area, the Annapolis Athletics group, that has been working on this project for quite some time. An opportunity arose - there was a small amount of money left in the provincial allocation in the Small Communities Fund that we deemed was appropriate to use for this project because we had been watching it and working on it for quite some time.

The Small Communities Fund, which is administered by the Department of Municipal Affairs, requires the province to contribute a minimum of one-third to a project but doesn't preclude a larger contribution if the project warrants it. In our estimation, it was necessary for the province to contribute two-thirds for this project because we wanted to both meet the need in the community, but we also recognized there was a gap in financial capacity, so we felt it was appropriate. We did not want to see a lapse in that federal funding.

As I said earlier, we'd been working on this project since 2015. It was quite well advanced, and we felt it was appropriate to work with the municipality, work with the community group, and work with community members to bring this project to fruition.

MR. HALMAN: Does this sort of arrangement that you've described happen often?

MS. TAWHEEL: It happens sometimes, I would say. For example, you may be familiar with the JACBA file - Jordantown-Acaciaville-Conway Betterment Association project. In that instance, we made a decision to contribute at a higher level than one-third because of the capacity of the area to be able to contribute their third of the project.

I would say that we examine every project on a case-by-case basis and make decisions based on the capacity of the proponent to contribute the volume of individuals or community members who will be served, how long the need has been known, and the longer-term sustainability of the community support for an infrastructure investment such as this.

MR. HALMAN: Am I correct in saying that these types of arrangements are at the discretion of the department, as you indicated, taken on a case by case basis, that there is no formal protocols or policies to determine this type of financial arrangement and it's basically the decision of the department whether or not to have this type of arrangement?

MS. TAWHEEL: That would not be entirely accurate. The department makes recommendations for projects of this size. The department would make recommendations based on criteria and, as I said earlier, looking at some of the elements in terms of community support, how long we've been aware of the project, how far advanced the project is in its thinking, who are the players involved, have they expressed support for the project, et cetera. We would not proceed with an agreement such as this without seeking appropriate approvals. The department makes recommendations and receives approval for investments of this magnitude.

MR. HALMAN: You have indicated that Annapolis County Athletics expressed interest in this project. How involved were residents in lobbying or asking for this project? Fundamentally, how is the support for this project determined by the department?

MS. TAWHEEL: The community was very supportive of this project and had been expressing their support through a variety of forums - both through this community group, but also through discussions with our regional director who lives and works in the area. There was a lot of support by track and field advocates in the area - parents, students, et cetera.

A training session was actually held very recently to gauge interest in track and field in the area, and well over 400 students attended that information session. There is huge interest in this sport in this catchment area, and there has been for many years.

MR. HALMAN: Switching gears to the new Windsor arena. To what extent, what role did Communities, Culture and Heritage play in the decision for the new Windsor arena?

MS. TAWHEEL: Communities, Culture and Heritage is not involved in the new Windsor arena. That is flowing through the Department of Municipal Affairs.

MR. HALMAN: Thank you for that point of clarification. Taking a look at Paragraph 1.42 of the Auditor General's Report, as we know, obviously the Auditor General addresses the Recreation Facilities Development program. It indicates that there were 10 programs involved. Two of the 10 projects were not scored through the process, two other projects were scored and not recommended, but all four projects were approved by the minister. Do you have a list of the 10 projects from the Recreation Facilities Development program - do you have that list?

[9:30 a.m.]

MS. TAWHEEL: I don't have the full list with me, but I can certainly provide that to you.

MR. HALMAN: We would appreciate that. Could you attach a timeline to that? When, from your perspective, is a realistic time to get the committee that information?

MS. TAWHEEL: We can provide that within the next day or two.

MR. HALMAN: Excellent. All right, moving to Recommendation 1.6, it states, "The Department of Communities, Culture and Heritage should develop documentation and retention standards for discretionary grants." Could you clarify for the committee what is meant by "discretionary grants"? What's the criteria that goes into that? Give examples of funding that has gone to discretionary grants.

MS. TAWHEEL: First, I would say with regard to this recommendation, we completely agree with this recommendation that we need better documentation and retention standards and that we need to make system changes around these particular grants. These grants include things like the Community Spirit Award, which we administer on behalf of the Lieutenant Governor's Office. It includes the one-time funding that we invested in libraries - the \$474,000 that we invested last year. Things of that nature fall within the category of discretionary grants. The name "discretionary grants" may imply that they are at the discretion of staff, for example. There are, in fact, criteria in place for these grants.

What we need to do better, though - as I said earlier - is similar to our other granting programs. We need to develop documentation and retention standards for these programs and better document the decisions that are being made in terms of the dollar value that is being invested through these grants. It's not a question - and I don't believe the Auditor General raised questions about the grants themselves but rather the documentation and the thinking that went into the amounts that were funded for the period that the Auditor General examined.

MR. CHAIRMAN: Mr. Halman, you have about a minute and a half.

MR. HALMAN: What are the existing criteria? Could you describe that please?

MS. TAWHEEL: I can provide you with criteria. Each grant program has its own criteria. It really does vary depending on the nature of the grant. What we're looking at when we evaluate - for example, the Community Spirit Award would be different than what we would be looking at for other investments. We can certainly provide you with that.

Some of that information is available, and many of you - I believe all of you - would have received this document. We have begun to produce a funding and grants program document that is distributed to all MLAs. We plan to do that on an annual basis, or perhaps more frequently if required, to make sure that every MLA has all the information they need to best support their communities. Previous to this, MLAs would need to call our office to seek information about every grant funding program that we have available. To my earlier point that it's difficult for clients to navigate the system, it's difficult for you as MLAs to navigate the system too.

I know your goal is similar to ours - you want to best serve your communities - so it's incumbent upon us to make sure that you have the information you need to properly support your clients. This document has been circulated, and all of the 34 application-based grant programs are included in this document.

MR. CHAIRMAN: That concludes the PC caucus's questioning. I'll now move to the NDP caucus and Ms. Leblanc.

MS. SUSAN LEBLANC: Thank you all for being here. I'm going to direct my questions mostly to Ms. Taweel as well - my apologies after that last 20 minutes.

Before I begin, I want to say that I don't think it's a secret - I talk about it all the time - that I have had lots of experience with staff in the department, particularly in the culture division. I have to say that the work that the staff does there is really fantastic. Over the last several years since Arts Nova Scotia was implemented - I can't remember what year, 2009 or 2010 - I really feel that in general the arts community is being supported by the department and I really appreciate the work, so thank you very much.

I do want to talk about the recommendations around Recommendation 1.2 in the Auditor General's Report, but I want to begin by reminding everyone in the room and in the province that arts and arts organizations in Nova Scotia - and arts workers in Nova Scotia in general - live with very low wages and precarious work. They are precarious workers. They have unstable employment for the most part, compared to other sectors in the province and also other not-for-profit sectors. It is obviously made more difficult in this particular area because arts workers are generally very highly educated. So not only do they make really low wages, but they are saddled with huge student loan debts.

We know that there is a study called the National Compensation Study for Managerial and Administrative Positions in Not-for-Profit Arts Organizations, and we know that in general arts organizations lag behind the general not-for-profit sector, and we see significant burn-out in the arts sector because of that.

We know that wages and stable employment are directly tied to operating budgets in these organizations, and organizations with bigger budgets are obviously being able to offer better wages, benefits and employment. We also see that there are major succession

issues because of these low wage issues where we have a whole generation of arts administrators and directors who are getting ready to retire, but because of the situation of arts funding, the younger generation of new administrators and new directors aren't going into the sector because it's not viable anymore.

So my first question based on all of that is: What is your department doing to address low wages and unstable employment in our arts and culture sector? What is it doing to grow the sector by making it a viable and attractive sector for Nova Scotians to work in?

MS. TAWHEEL: Thank you for that question. As you would be well aware, we do provide operating grants to arts organizations. Those operating grants have been stable for the last number of years. Through our program evaluation, we will be looking at all 83 programs that we administer, including the operational funding that we provide to arts organizations to take a good look at what the need is - where we're meeting the need and where we're not meeting the need.

Your question has many components to it, and I think fundamentally our department is obviously very interested in ensuring that the sector not only maintains the current base, but that it continues to grow. So through the creation of things such as the Creative Industries Fund, the Screenwriters Development Fund, some of the programming that Arts Nova Scotia has put in place, we are looking at trying to evolve our programming to meet the needs of the arts community.

Through the program evaluation - and I neglected to mention this earlier - we will be having consultation and conversation with the clients that we serve, including the arts community. I think we can never talk to our clients too much, and we need to understand the challenges that they're facing.

The recent investment that we made in Culture Link I think will support the arts community, but I recognize it's not going to get at all of the elements that you are pointing out today and that you have pointed out when we've spoken before. The concerns of the arts community are legitimate and we hear them, and do our best to work within the options that we have available to meet those needs.

In the Culture Action Plan, one of the elements that we flagged is the need as well for support in helping professional artists, for example, develop their business skills so that they can manage their business, manage their product. So we will be taking steps to work on training to support the arts community where it's needed. We also work in partnership with the Community Sector Council to support not-for-profits to help them build their capacity.

I guess it's not a simple kind of "one size fits all". I think it begins with acknowledging that we need to continue to have open and honest conversations with the

arts community and work hard to make sure that our current suite of programs is helping address even some of the need that exists in the community.

As you referenced, staff in the Culture Division in particular - and Arts Nova Scotia very specifically - have a keen interest and desire to support the community in as many ways as possible. We frequently have conversations around our executive table about projects or need that arises and how, if it's possible, to move even incremental amounts of funding around within the department to meet a pressing need. I think we're quite responsive to doing that.

As this topic pertains to the Auditor General's Report, I think in having those conversations, we need to better document the decision-making process that leads to a decision to take steps such as that and provide additional funding, et cetera.

I guess the last point I would make in response to both your observations and your question is that by making some of the modifications that we will be making to this system, to make the system work a little harder for us, I hope that will free up our staff to become even more engaged in the work of the clients that they serve in the arts community.

MS. LEBLANC: You say po-tay-to, I say po-tah-to. You say stable operational funding, I say stagnant operational funding. While I would agree that it has been stable and there has been no cutting, over time and because of inflation and the cost of living and the cost of goods, I know that organizations in the operating grants pool in the cultural sector are finding it more and more difficult to function. While I appreciate programs like the creative industries program and the screenwriters program, these are all things that the community has asked for loudly.

I do notice that in the last many years for new funding, any new money that has come in has been targeted to project grants. I'm wondering if the decision to go that way as opposed to beefing up the operating grant system or to add more organizations to that system is based on any kind of analysis that one system is more effective in terms of serving the community than the other.

As you mentioned the Culture Link, I will just also say that I really am very excited about the Culture Link, of course. But I do recognize that any organizations that will want to use the Culture Link, even as an administrative space - again, at this point, because of the lack of sufficient operating funds, many organizations will actually find it difficult to go there. That place will only be vibrant and full if the artists are being supported at the ground level. That rolls into my operating grant question.

MS. TAWHEEL: I would say we always try to strike a balance between the most appropriate way to meet needs as expressed by the clients and the communities that we're serving. As you noted, the Creative Industries Fund and the Screenwriters Development Fund are two examples where the community was asking for that kind of support.

The reality is that we have a limited budget. We need to make decisions that best meet the needs of the community in terms of what we're hearing. Through the program evaluation, as I said earlier, we will also be looking at the operating grants that we provide to get a good read on where we're succeeding and perhaps where we need to increase investment in the operating grants, for example.

The department has not undertaken a full review of all its programs. I'm not sure if there has ever been a full review of all our programming, including all the operating grants. We provide operating grants to arts organizations, but we also provide operating grants to a number of other organizations. We'll be looking at all those and chatting with those clients, as I said earlier, about what's working, what's not, where the needs are now, and what we see as the need on an ongoing basis.

Again, we will always need to strike a balance between grant programs operating year over year investments to try, as best we can, to meet the needs. We'll never fully be able to meet all the needs. We acknowledge that, and I think our clients understand that as well.

[9:45 a.m.]

We are trying to make strategic incremental investments where we can, which is why we've created new grant programs such as the ones I've referenced and why we've invested in things like Culture Link, to try to create a bit of an incubator for the culture sector as well. Hopefully through some of the work that will occur there, we will continue to grow the creative economy, which in turn, my hope would be, we can help to address some of the issues that you've raised.

MS. LEBLANC: In the review that you're doing of the grant programs, will you include the addition of gender-based analysis, and also analysis of the use by under-represented groups like the Mi'kmaq community, African Nova Scotian community, and the queer community?

MS. TAWHEEL: Yes, we absolutely will. That is one of the fundamental questions I think that we need to ask. We know we serve a tremendous number of clients, tremendous number of communities. We need to dissect exactly which communities, importantly, we maybe are not serving as well as we could for a variety of reasons - some of which relate to ability to navigate the system and even awareness of the programs that exist.

Our program evaluation will begin soon. We're not waiting for that evaluation to begin, however. We have begun - and for quite some time we have done information sessions out in communities, but recently we've undertaken specific information sessions in the African Nova Scotian community, for example, to help the community understand what options are available to them.

Within this current budget year, we're also creating new programming options inside African Nova Scotian Affairs to better service that community. We're doing things like posting notices in churches within the community to make sure that they're aware when a grant program opens and what the deadline may be, if it's an application-based program with an open and a close date.

The evaluation of our programs must include that kind of analysis and a bit of an equity audit, if you will - both from a gender perspective, but also very specifically from a community perspective.

I guess the last point I would make about that as well is, we serve the full province. We need to make sure we are serving the full province so that every community, regardless of whether it's an African Nova Scotian community, if it's a Mi'kmaq community - that we are effectively serving those communities through our program offerings. That needs to be a lens that we're putting on our work.

When the audit was beginning, we did have conversations with the Auditor General's Office about our desire to undertake an audit of this nature. I think we'll be breaking a bit of new ground with this type of work. Certainly, it has not been done in the department before.

MS. LEBLANC: Further to the review, will you be looking at how the context for arts and culture workers has changed since the cancellation of the film and television tax credit and the resulting job losses to the community from that?

MS. TAWHEEL: We will be looking at all the communities that we serve and understanding the environment and the context within which they work. The arts community will certainly examine their current context and the future forecast will be looking at - to your earlier point - the African Nova Scotian community and the heritage community. All communities that we serve we will be examining the realities that they face in terms of ongoing cost pressures, their goals and objectives moving forward in the future, and how we keep our eye on continuing to grow that sector and nurturing that.

The culture sector is critical to the social fabric of this province and it feeds everything else, so we need to make sure that the work we're doing is supporting keeping that fabric strong. It will certainly be part of how we examine all the programs that we're offering. Those are the levers that this department has to keep making and supporting the culture sector, so we want to make sure that through this evaluation we take a good, hard look at all the communities that we serve to ensure that we continue to serve them as well as we possibly can now and into the future.

MS. LEBLANC: I'm really happy to hear you say that, about being sort of the fabric of the health and well-being of the culture of our province. This is a curveball question, and the person behind me is going to go, what is she talking about?

Just as you say that, it makes me think about the relation between art, culture, community, and the social determinants of health. I'm wondering if there have been any discussions between yourself and the Deputy Minister of Health and Wellness or the Deputy Minister of Community Services, I'm wondering if there are discussions going on about how programs can affect each other or how the departments can be working together to address some of the cultural concerns and also how that affects the health and well-being of Nova Scotians.

MS. TAWHEEL: Thank you for that question. I was a bit scared when you said that. In fact, there are conversations that are happening on a very regular basis. All of the deputies talk very regularly about how we leverage our programs and can work together in support of one another. In fact, I would suggest more than at any other point, we are working very horizontally to make sure that the goals, for example, of Community Services, that we are helping them meet their goals through some of the grant programs that we administer.

The grants and contributions that we have are some of the levers, as I said earlier, that Communities, Culture and Heritage has to help support outcomes and the work of other departments, so we need to work very collaboratively to make sure that the investments that we are making are feeding and supporting the broader government agenda and the agenda of all of the other departments and our colleague departments.

The answer would be yes, we talk very regularly, we work very regularly. An example would be the Building Vibrant Communities fund that was created in collaboration with Community Services. Another example would be the Business Accessibility Grant Program that we worked on with the Department of Justice Accessibility Directorate to create.

My view is that Communities, Culture and Heritage exists to serve clients, obviously, but there's very little that we do alone. We need to make sure that our work, be it through our sport and recreation grants, for example - that we have a direct link into public health and ensuring that we are addressing the social determinants of health and ensuring that the investments that we're making help address some of the health benefits that can accrue through appropriate and strategic investments. We always need to be thinking about that. That work is ongoing, and I thank you for that question.

MS. LEBLANC: I guess I'll just continue on this vein. I don't know how far you are in the review of things, but has the department received any feedback about the project-based grants, the same feedback that I'm hearing on the ground, that the project grants are more difficult and inefficient in many ways for arts organizations and cultural organizations? For instance, people and groups are spending all of their time writing grants, hiring grant writers, instead of hiring artists to make work.

MS. TAWHEEL: I think you have hit on one of the core issues in terms of why we need to look at all of our grant programs. Arts organizations may be particularly challenged in terms of applying for project-based grants, as you have mentioned. Other organizations as well are challenged to complete the application process, to navigate the system. We need to take a good look at that. I want these organizations to be doing what it is that they are set up to do and doing the good work that they have been created to do, versus spending all of their time completing grant applications and leaving very little time to even deliver on the project for which they're applying - or using their resources, to your point, to hire grant application writers, et cetera.

Having said that, we do need to make sure that all of our programs have rigour around them and that we are asking for an appropriate amount of information, that our application process does make sense, that we are investing appropriately, and that we have documented every single decision that we make along the way.

Even 34 grant-based programs is a lot for community groups to be able to navigate. I would argue that we could maintain 34 grant-based programs, but that should almost be invisible to a client. There should be a few doors that they have to walk through and then we figure it out behind the scenes with appropriate documentation. We determine what the appropriate fund is that this project should flow through. As an applicant, you shouldn't have to understand 83 grant programs to figure out where you best fit.

The last point I would make is, again, that our staff are integral in this process. Before you even begin the sometimes daunting process of navigating the system, you have a warm body on the end of a phone line who can talk to you or sit down with you, have a cup of coffee, talk about your project, and figure out what makes the most sense for your project. You shouldn't have to navigate that on your own. That is part of what we're working on through our program evaluation.

MR. CHAIRMAN: That concludes the NDP's time. We'll now move to the Liberal caucus and Mr. Wilson.

MR. GORDON WILSON: Thank you to the witnesses that we have here today. I just want to start with a bit of a comment. I guess you could call it a public service announcement, or you could call it a heads-up. We as a Public Accounts Committee have been going through some changes - some internal and external looking at how we operate as a committee. We've had some good conversations. We've had the Canadian Audit and Accountability Foundation come in and speak to us about best practices.

One of the things that I think is important for departments to know and understand - and I haven't heard the question asked today - is in regard to recommendations made by the Auditor General, accepting those recommendations, and acting on those recommendations.

I don't know if you're aware of it, but prior operations only saw approximately 20 per cent of the chapters come before the Public Accounts Committee that were brought up by the Auditor General. We are now going to 100 per cent. In saying that, again, I thank all of you for being here today. The questions are hopefully going to spread out to the others. Actually, I have one for Mr. Rafuse.

We have a template that we're going to be adopting a little later on in the meeting here today, I assume, around action plans. Just quickly, for each of the deputies here, I assume every recommendation has been accepted. I would like to know if you have timelines and an action plan in place for implementing them because we are going to be asking for that information. Not only are we going to be asking for it, we are going to be tracking it. I'll start with Mr. Dunn, if that's okay.

MR. FRANK DUNN: Yes, we do have an action plan at the Department of Agriculture. I might add, in my prior life I was an auditor myself, so I know the importance of the Auditor General's recommendations.

From an agriculture perspective, there were a couple of key recommendations that he had recommended. The first one was around performance measures and evaluation of programs. As I mentioned earlier, we recently signed the new Canadian Agricultural Partnership agreement with the federal government. Included in that agreement is the need for performance measures and evaluation criteria.

I talked a little bit about our grant management system. We will be implementing evaluation and performance measures within our grant management system.

The second recommendation was around risk analysis. The Auditor General - at least from an agriculture perspective - did not say that we were not doing risk analysis. We do. What he said was there was no verifiable evidence that there was risk analysis. That's about documenting process - documenting the risk analysis that we do in all our programs.

We have seconded a senior policy analyst that is working on documenting our risk analysis for all our programs. I talked a little bit about the Canadian Agricultural Partnership. I consider that kind of our umbrella program. We have in excess of 15 specific programs that we have in Agriculture, all of which have certain criteria.

I can tell you, as far as your timeline is concerned, some of the things that the Auditor General has recommended we've already done. I mentioned earlier that we implemented a grants management system in 2018. That system will be implemented in two stages. The first phase has been complete, and that first phase allows for intake of applications, processing, and payments.

One of the things that we've implemented into that new system is internal controls. The Auditor General talked a lot about internal controls within grant systems in his audit.

I can tell you that we have implemented internal controls within those systems - things like segregation of duties. The clerk that inputs the information into the system is not the individual that makes the recommendation for payment. The person that makes final approval is not the one that makes the recommendation.

[10:00 a.m.]

There are some hard stops within the system. There are certain things that need to be done with regard to an agreement or to payment, and the system will not allow you to make payment until those hard stops are completed. We've implemented checklists, which are imbedded into the management system, so before you can move through a series of processes, those checklists have to be done.

From a timeline perspective, I would suggest that the first piece is done. With regard to the risk analysis of verifiable evidence, we should be concluded by the calendar year of 2019, and move forward from there. We do have an action plan for each of the items.

MR. WILSON: Thank you. Just in clarification for the sake of time - I respect the fulsomeness of your answers and we'll get the recorded information and document that to further look at. Just simply - I didn't mean to get into each individual one. I appreciate that, but just an answer around whether you have an action plan and whether you're going to meet the targets that you plan on - we'll get the rest of the information later.

If I could, with CCH, Finance and Treasury Board, and Lands and Forestry just simply acknowledge that they are preparing that and getting that ready for us.

MS. TAWHEEL: Yes, we are preparing that and getting that ready, and are actually very keen and happy that there is that requirement around an action plan. I think it brings a level of even greater accountability. We take the recommendations very seriously and have already begun. Similar to Mr. Dunn's comments, we've already begun to take action in a number of areas.

MS. TOWERS: Yes, we have an action plan. We put it in place immediately after the report. A number of the items are already complete, and the rest will be completed by the end of this calendar year.

MR. RAFUSE: Yes, we have already started working on the recommendation and developing a framework. I can't give you a time - it depends in the end on whether or not we go to a system-based approach or what we typically do with this is a management manual guideline to give direction to the department. That will be done in a shorter time frame than if we expand the grants management system and make it a requirement to put all grants through a computer-based system, that will take longer. But certainly, that will determine when we're finished.

MR. WILSON: Just one final question that I have before I pass it on to my colleagues and it is for Mr. Rafuse. You had mentioned in your opening comments that consistency is one of the areas that you're looking at as a responsibility across other departments. I guess maybe if I could turn the phrase, you're sort of the quarterback for everybody else maybe, maybe not? I don't know, but I am interested in knowing what thoughts you have around - obviously, it was a concern of the AG that there is not a lot of consistency. I do understand also, due to the variations of the programs, it's awfully difficult to have consistency that way. What initiatives are being done to bring that forward by your department?

MR. RAFUSE: Consistency to me may not mean it's the same. We do have to be conscious of the fact that there are a variety of grant programs out there. Depending on the level of the target group or the size of the grants given, different levels of controls may be more appropriate for one than the other. When I think consistency, I look at consistency as to what is required in the development of a grant program or what needs to be enhanced in one that's already there.

The report actually does have some good guidance in it. That would be things like you must have evaluation criteria. You must have stated principles or objectives of the program and what you're trying to accomplish. If there are enhanced internal controls needed for a grant program over and above our existing internal control framework, then it will state what it will be. There's also some idea about consistency about the use or the consideration of HST as an eligible expenditure or the application of HST and the value of an in-kind service.

That's what I talk about when I talk about consistency. You don't want to have it such that you actually make it so tight you don't allow the program to achieve its objectives or it's so onerous that people will be turned away from actually applying for the grant. That's what we'll be working on with the departments, to make sure that there is consistency in the approach, that there are internal controls, and that there are proper documentation and administrative steps. That's what I mean by consistency as opposed to it being so tight that it would be ineffective at that point.

MR. WILSON: Understood. Thank you very much. I'll pass it on to my colleague.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: I have to say, your grants person in Lunenburg is wonderful. Debby Smith is phenomenal. She has helped us out so many times, but she has helped out your clients as well. The importance of having those jobs - do not let that woman retire, not while I'm an MLA.

Anyway, I want to touch on what the member for Dartmouth North expressed, and I think I'll get some eyeball rolls across the aisle because I brought it up many times. Why

isn't there a portal for grants? I am continuously having people call my office. I think some of the off-road trail grants are 70-some pages long, every grant. Some of them apply every year for piecemeal grants - they're very small. Most of these organizations are run by volunteers, as you know. It takes hours and hours, and if you're counting those hours as in-kind, they're probably doing it all in-kind instead of actual dollars.

Is there not a way we can set up a portal for our grant programs so that there would be an easy way to go in and check up on whether people have been accountable in the past? Will they be a good client this time? As well, that would save all that work; grant after grant requires the same information. Once a year, there could be an updating part where you just go in and if there's a change of board members or the treasurer or whoever's applying for the grant, those changes can be made. I know I have spoken to many of you about it before. I'm just wondering if we will see that action. It's efficient.

MS. TAWHEEL: I agree with you. I think a portal makes a whole lot of sense. Automating where we can automate, I think, makes a lot of sense. The only comment that I would make contrary to that is that if we do offer an online option such as what you have articulated, we have to make sure that that's not the only option that we offer.

Applying online is challenging for some communities that we serve, certainly in CCH. We need to strike the right balance. We want it to be accessible, so we need to also think about the ways that are appropriate for our clients to access an application and also to keep track of an application. I think the answer is kind of a blend of both and being open to doing both. Through the program evaluation we will certainly be talking with our clients about what makes the most sense, but it will take some time if we're going to build something like a portal.

I don't want to presuppose an outcome in the absence of some of the work that will happen through Finance and Treasury Board in terms of bringing - as Mr. Rafuse has articulated - a level of consistency around certain aspects. We need to look at all our programs to determine what makes sense. In fact, a portal may ultimately be where we land in terms of what makes sense for now and into the future.

MS. LOHNES-CROFT: That's great. Can you explain - and I think you touched on it, Mr. Rafuse - how in-kind works. The report seems to show a little bit of inconsistencies. A lot of organizations do depend on in-kind. Is there a cap on in-kind time with grants at all?

MR. RAFUSE: Certainly, there are caps on any eligible expenditures. I'm going to leave that to the program individuals or departments to speak to. What the audit highlighted is there should be a more consistent approach about how people value in-kind and whether or not it's an eligible expense for a grants-based application. I believe there are some programs where it's valued at market. There's probably another one at a standard rate.

There is certainly an element of value in providing a consistent approach to that. I would have to defer to my colleagues here about whether or not there is or should be a cap on in-kind. Likewise, the other side of the coin is rather than providing a grant back to a grant recipient, that the province provide a service in kind. There is a value to that and that organization must recognize that as a resource or as a revenue. That's the other element where recipients have to be clear that when that does occur, that is something they have to acknowledge when they do their financial statements.

That's where the framework would get into clarity around those two elements of it. It's work on both sides of the coin. On caps, that really would be on a program-specific basis about whether or not there should be a cap. The framework would not talk about caps; it would talk about how you should approach in-kind and those two circumstances.

MR. CHAIRMAN: Mr. Jessome.

MR. BEN JESSOME: Deputy Towers, is there any inclination within the department to expand the grants program for research capacity with respect to the Lahey report?

MS. TOWERS: It's a combination of what we already have in place because there are a lot of elements that are already done through base budgets. That would include our Forestry Division in Truro and our Wildlife Division in Kentville. There are a number of programs that are in play looking at forestry and wildlife - a lot of partnerships.

You may remember that Professor Lahey made a recommendation around expanding. It was a recognition that we already have a lot of research under way with academic institutions - not only within Nova Scotia, but elsewhere - everything from soils, carbon, and wildlife habitat. Some of those are done through our base budget, and we have a lot of those partnerships, and the recommendation was to expand them. We're very much looking at that.

We put in place a couple of years ago a Forest Biodiversity Science Advisory Committee with a number of academics from Nova Scotia and New Brunswick. They came forward with a series of recommendations in recent months on which we're building a research plan with their help, so that will enable us to really focus on where to put that effort.

The other projects - some of which are referenced in the Auditor General Report, for example, the Habitat Conservation Fund and the Species at Risk Conservation Fund, which are special purpose funds and have been in place for quite a while. A lot of those do support - and part of the eligibility criteria is that they include research that contributes to those priorities. In some cases, it's more specific like a land acquisition, but all of them have a portion for research and research partnerships.

There are a number of things already in play and we'll be building on those even more to using that research plan.

[10:15 a.m.]

MR. JESSOME: Deputy Taweel, is there any consideration or are there programs within your department that incorporate a multi-year agreement application process? I think perhaps my colleague to my right might be talking to some of the same groups, and I'm referencing a trails group that I have had conversations with on this - having to make applications year over year. From a client perspective, is there any consideration for multi-year agreements?

MS. TAWHEEL: Through the program evaluation, that is one aspect that we will certainly be looking at. I recognize, as we have been discussing this morning, that it is onerous. The application process can be onerous for some organizations. I recognize that it uses up a lot of often volunteer time to continue to apply. If the program evaluation doesn't lead us toward multi-year funding, I think some of the changes that we hope to make to streamline the process will hopefully alleviate the burden that many of these organizations face. It's a very valid point, and we certainly hear that from a number of organizations that we serve.

MR. CHAIRMAN: That concludes the Liberals' time. We'll move back now to the PC caucus. Mr. Halman.

MR. HALMAN: Mr. Chairman, can I clarify the time that I have?

MR. CHAIRMAN: Eight minutes each.

MR. HALMAN: Deputy Minister Taweel, I would like to return to the topic of the Bridgetown track with just a couple of follow-up questions. I'm sure you're familiar with Harry Truman's famous line "The buck stops here" - his notion that ultimately one person or one committee makes the final decision. You indicated that the projects proceed with appropriate approval. I believe Nova Scotians want to know who ultimately makes those approvals. Where does the buck stop?

MS. TAWHEEL: There are a number of steps along the way in the approval process for any recommendation that Communities, Culture and Heritage would advance. Projects are reviewed first at a staff level, if you will. Then they advance up through the appropriate division. The recommendation then is analyzed and forwarded through the deputy minister's office, and then the minister of the department signs off and approves it from a departmental perspective. In the case of a project such the one that you have referenced, we would then advance an approval request through Treasury and Policy Board.

MR. HALMAN: Are there counterbalances built in that process to maybe think alternatively in terms of whether or not this is a good use of taxpayers' money? Are there counterbalances built into that process?

MS. TAWHEEL: There certainly are checks and balances built into every approval process, which is why this project, as an example, was not advanced - we started discussions on this project in 2015. It took three years, basically, for the project to work its way through that process.

The checks and balances and the conversations that happen are ongoing and constant. The program manager in this case would have been working with the community and with other groups that were engaged in this process, asking questions about the community that would be served, talking with those who would be served, gauging the level of interest, understanding the long-term prospects for this facility to be used and of use in the future, looking at things such as your colleague had referenced around the social determinants of health. What other goals will we be meeting through this project?

No project is looked at solely in isolation. We need to look at the environment, the ecosystem, if you will, around the project and ensure that there is support for it broadly. When a project is advanced through a program manager, it runs through a number of other levels within the division, where questions are asked, where numbers are validated, where if necessary other experts are consulted in terms of how accurate the costs are, for example. Sometimes we consult with our colleagues - the expertise that exists in TIR - to check the veracity of some of the numbers around an infrastructure build, for example.

There are a number of steps along the way to ensure that by the time a project makes its way into the deputy minister's office or the minister's office, a lot of hard questions have been asked. It is not uncommon when a file arrives in the deputy minister's office, speaking personally that I then will ask other questions and send the file back down through the division to make sure that we have covered off every aspect of ensuring that this investment - whatever the investment is - is a wise investment and will ultimately serve the public that we're trying to most effectively serve.

To answer your question, there are a number of checks and balances in place that we apply - not just for the project that you've referenced, but for every investment that we make. Even small \$500 or \$1,000 investments, there is a level of rigour that is applied to each and every one of those investments to ensure that it is money well spent.

As your question pertains to the topic at hand today, I think what we need to do is better document all of those - the thinking and the risk-based approach that we're taking with every investment that we make. We need to document that. We need to ensure that the files are complete and that there's a clear line from the first conception of an idea to the ultimate recommendation if one is made to fund a project.

MR. HALMAN: Am I correct in saying that once it has gone through that process, that it's the minister of the department that makes the final decision?

MS. TAWHEEL: With some grant programs, yes, it is the minister that has the final sign-off. In the case of the infrastructure investment that you have referenced, because of the size of that investment and the fact that we were leveraging federal funds, that particular project required further approval through the Treasury and Policy Board.

MR. HALMAN: Little publicity was given to the Bridgetown track announcement. Why was there no press release from the department regarding this announcement?

MS. TAWHEEL: A press release was issued by the federal government that we were a party to, which is not atypical. We frequently just join in one news release. Particularly for regional announcements, it is not atypical for us to adopt an approach such as this. The province was quoted, and our investment was very clear in the news release that the federal government issued basically with us.

MR. HALMAN: There was no specific stand-alone press release from the province - am I correct in saying that?

MS. TAWHEEL: There was no specific stand-alone news release that we issued. We were part of and collaborated with the federal government in making the announcement for this investment. We were party to the drafting of that news release. We were quoted in the news release and part of that process all the way along.

MR. HALMAN: Ms. Taweel, in Paragraph 1.19 of the AG Report, it notes payments were pushed out the door because of fiscal year end. I'm curious as to the extent to which this is a common practice at Communities, Culture and Heritage. Could you comment on that, please?

MS. TAWHEEL: I believe the reference in Paragraph 1.19 is to the Creative Industries Fund, so a bit of context around that fund. Let me back up for a moment. The objectives around the Creative Industries Fund are largely to support the growth of export in our creative industries. That fund is about two years old. We are currently doing a thorough evaluation of that program to make sure that we have the objectives correctly in place.

In the instance of the files that were noted through the Auditor General's process, there was a requirement for us to complete the funding to the organizations that we were funding through the Creative Industries Fund. They had not yet submitted all their final reporting because of their challenges in reporting on the objectives that we were asking them to report on.

I think the Auditor General has appropriately flagged that perhaps the objectives that we have in place around the fund need some fine tuning, so we are asking organizations to report on increases to their exports. For example, when perhaps the project was only three months old - it's not appropriate really to be asking them to say if their sales have increased by X-percentage within a three-month window.

I think we need to be looking at short, medium, and longer-term measures and objectives to ensure that we are asking the right questions and asking our clients to provide the right information at the time that they can provide it, including things such as the fact that our fiscal year end doesn't necessarily align with the fiscal year end of some of the clients that we're funding through the Creative Industries Fund, for example.

So providing the funding to ensure the project . . .

MR. CHAIRMAN: Order, please. That ends the time for the PC caucus. I'll switch now to the NDP. Ms. Roberts.

MS. LISA ROBERTS: I am going to be directing my eight minutes to Deputy Towers and particularly focusing on Recommendation 1.5 related to the Access Road Construction Program. I know that the Access Road Construction Program is an important one for our forestry industry, and particularly for small woodlot owners that access it to build and maintain D-class roads that allow them to actually access their woodlots.

The Auditor General raised a number of questions. It's a very particular program with a very long history, I know, and some unusual ways in which it's administered. Given the importance of woodlot owners who are really the boots and the eyes and the knowledge on the ground and who will be so important in implementing and rising to the challenge of the Lahey report of aligning forestry with ecological considerations, I would like to dig into this program that's really important to that group of individuals. The Auditor General tells us that between administration fees and funding provided, Forest Nova Scotia collects the equivalent of 25 per cent of the total grant funding for administration costs. That's one of the findings in the Auditor General's Report.

I know that the department has signed a service agreement. I guess my first question is, does this service agreement continue to reflect that way of working with a significant amount of the funding being tied up in administration costs?

MS. TOWERS: Yes, we did sign an interim agreement for the 2018-19 fiscal year, and we're working on a very detailed one for 2019-20 going outwards. There's a 10 per cent flat administration fee that the province provides. Of the \$720,000 a year that's directed to Forest Nova Scotia, the 10 per cent is for the administration for them to deliver it as a third party.

Then what the Auditor General identified was that they also charge an application fee to folks. Part of it is the administration they're doing on the part of the department, and part of it is the administration they're doing on the part of those individual woodlot owners. As you can imagine, that's the issue in Nova Scotia with almost everything we do with small woodlots. They might be 10 acres, 50 acres, or 100 acres. Our pattern of settlement divvies it up in a lot of pieces. A lot of the programs are trying to find efficiencies where we can.

What happens is, they charge an application fee, and that also helps with some of the parts they're doing in a direct interaction with those individual woodlot owners. In some cases it's things like trying to get them to co-operate with their neighbours so there's one road servicing three woodlots, for example, rather than building three sets of roads. Also, if the road project doesn't proceed and get finished - the upgrade or the building of new or the drainage ditches or whatever - that fee is defaulted back to Forest Nova Scotia because they have put time into the development of that.

There's two sets of that, but absolutely as part of the detailed accountability going forward, we're going to be making sure that that's very appropriate what they're doing, not only what we offer as the 10 per cent administration fee but how they're interacting with woodlot owners and the outcomes they get for that administration part that they're also doing.

MS. ROBERTS: Are there also administrative costs that are borne by the department? I'm not entirely clear if, for example, the actual cheques for the final grant are written by Forest Nova Scotia or if those are written by the department. Could you clarify that?

MS. TOWERS: Remember this program has been in place since the 1960s. It has been going on for a long time. It's fairly simple in the sense that there's very little administration on the part of the department. It truly is a third-party delivery. Forest Nova Scotia handles the applications - they do the checks on the ground, they do the interactions with the woodlot owners, and they issue the cheques. Then they provide an annual report to us.

MS. ROBERTS: From my conversations with woodlot owners, one of or maybe even the primary reason for them joining Forest Nova Scotia in many cases is to access the program. Of course, there's also - my understanding is that to apply for the program, one must be a member in good standing for more than one year, maybe as many as three years in order to be able to apply to the program. That's \$125 a year per woodlot owner. How many woodlot owners would actually benefit from this program in a given year?

MS. TOWERS: It's going to vary slightly, but in any given year, it's going to range from about 225 to 400. Again, it depends on how many woodlots of what size and if they're co-operating with their neighbours. As part of the annual reports we receive, it would tell

us not only how many woodlot owners but the details of what was done. Was it upgrade to existing roads, which is the bulk of it - 80 per cent to 90 per cent of it - or in some cases, construction of a new road? It could be bridges or it could be culverts. It's all part of that.

[10:30 a.m.]

Many of you may remember, if you're older - which you may not - for many decades there were the co-operation agreements for forest developments, the federal-provincial agreements. A lot of woodlot owners took advantage, in many cases through group ventures or other woodlot organizations. There were a lot of roads built through the 1970s and 1980s, so a lot of what happens now, that 80 per cent to 90 per cent, is upgrading of existing roads to keep them open.

Remember, as you said, there's a lot of benefits to that. It's not only for individual woodlot owners in some cases to access their woodlots. It could be for recreation, it could be for harvesting. It's also fire access. As you know, that's a big issue for us in this province. That's how we get around to get into some of those more remote areas.

MS. ROBERTS: One of the particularities of this program that was noted by the Auditor General is that 100 per cent of the grants trigger an inspection, whereas for other grant programs run by the department, where the grants might be considerably greater, there isn't necessarily an inspection for every grant. What can you say about the rationale for that level of inspection? What might we anticipate in terms of change in this new agreement that you're currently working on?

MS. TOWERS: Yes, that's absolutely one of the things we're looking at. You may remember in my opening remarks, I referenced that the department has the enterprise risk management framework we put in place in January 2018. We're going to be applying that framework to this program as well as our other grant programs. The access road construction is the first one that's being used for because it has that pattern for years of actually checking that it was done on a grant, whereas there are opportunities to look at things - and this is done for the off-highway vehicles, for example - where 25 per cent are visited on a grant.

All of them are checked through the process of checking invoices. You can't do work on roads and ditches without generally involving a contractor, so there's a trail of billing that goes through there. Very much we're going to be evaluating that, looking at what is a reasonable level of audit to risk - which every program should go through - but also what we have in place and what the transition would be. It's very much an opportunity to look at what the percentage should be that get inspected relative to that risk.

MR. CHAIRMAN: Thank you. That concludes the NDP time. We'll move over to the Liberal caucus and Mr. Maguire.

MR. BRENDAN MAGUIRE: I'm going to ask a question quickly because I know my colleague to my left actually has a few questions. My questions are to Deputy Towers.

First of all, I want to thank you and your department for your involvement with the Nature Conservancy of Canada in creating one of the largest - some say the largest - nature wildernesses in all of Canada. There's big appreciation not just from the people in my community, but really for all HRM. That's 150 hectares of land that will never be touched. I don't know if people have given you a round of applause - I'm sure they have - but you certainly deserve it.

My question quickly is how do you determine - I know the Purcells Cove backlands group were very, very active in this - which plots of land you are going to go in and help preserve for future generations?

MS. TOWERS: Very much, that's a co-operative because the primary purpose is biodiversity, conservation, as well as recreation and other objectives that fall under that. It's a joint work that goes on between my department and Environment. It's a combination of things. Some of you may remember having heard about the Colin Stewart Forest Forum, which ran from 2004 to 2009. Absolutely, the active land organizations, Nature Conservancy of Canada, Nova Scotia Nature Trust, the Tourism Industry Association - a lot of different people in Nova Scotia have input to areas.

The underlying crux of it goes to ecosystem representivity. There's a system in both departments for natural landscapes and eco-districts, regions, et cetera. We use that assessment, and in my case, it's actually my husband who does that. He works in the protected areas branch. It's a science-based process, similar to what's used in every jurisdiction in North America, that identifies those key different ecosystems we have, what's unique in Nova Scotia - different types. That's used as the first important criteria - what are we trying to represent? Then it's other criteria that come from that. How fragmented is it? Are there a lot of roads? What's the size of it?

Generally the larger it is the more protection there is associated from disturbance from humans. At the same time, we want access, such as the urban wilderness plans for the former Shaw lands, because we do want recreation. That's why there's different designation types for different types of protection, from a nature reserve, which are very sensitive sites - there may be a plant species at risk - to a larger area like a park or wilderness area, which encourages recreation as well.

MR. MAGUIRE: Once again, thank you, and I'll pass it on to my colleague.

MR. CHAIRMAN: Mr. MacKay.

MR. HUGH MACKAY: I'll make a comment first just to maybe reinforce a concern that my colleague for Dartmouth North had expressed. In my last position prior to

entering politics, I was the executive director of a non-profit, GeoAlliance Canada, which is an association of geomatics associations. In our first year of operation, about 50 per cent of our operating budget came from a grant with Natural Resources Canada.

At the end of that year, I did an internal audit of the time we had spent in proposal writing and reporting back to NRCan on that program. It more than took up the entire amount of that grant. I would encourage you - while all the things we have discussed today on performance measurement and risk analysis and so forth are important, don't make these things so onerous that it's not actually helping the people we're trying to serve.

Specifically perhaps, I would like to address some questions to Deputy Minister Dunn. You have referenced the Canadian Agricultural Partnership in both your opening remarks and subsequent remarks. I'm wondering if you could comment a little more as to what that program is, particularly with a light on integration of the Auditor General's recommendations with the CAP.

MR. FRANK DUNN: The Canadian Agricultural Partnership is 60 per cent federal money to 40 per cent provincial money. The latest one we signed in April 2017 for the fiscal year 2018-19 for five years. It is a national program, so the federal government signs an agreement with each of the provinces. Our share is \$37 million over five years.

There are a number of strategic focuses of the Canadian Agricultural Partnership. We develop programs which align with those focus areas and our priorities. I mentioned earlier - I describe it as an umbrella program underneath the Canadian Agricultural Partnership - we have about 15 different programs that target specific areas. I won't get into them today for the sake of time. They are posted on our website.

Specific to your question around how it relates to the Auditor General's recommendations, specific in the agreement that we have signed with the federal government is an increased emphasis on performance measurement and evaluation of programs, i.e., is the money that we may grant to a registered farmer or a farming organization doing what the request was to do?

As I mentioned, we have a new grants management system, and Phase 1 has been implemented. I explained Phase 1 in an earlier question, so I won't get into it. Phase 2 is to integrate those performance measures and evaluation criteria into the programs that we have. It's the old saying in some ways: it's like killing two birds with one stone. We address the requirement within the Canadian Agricultural Partnership, and at the same time, we address a recommendation that the Auditor General provided us.

MR. MACKAY: I'm going to switch off some of the questions I have regarding the AG because I had a very specific question regarding the freeze conditions in June 2018. That certainly affected a lot of farmers in various aspects of our agricultural sector. I'm wondering if you could update us on any grants or support that has been provided to the

sector and also, because New Ross is in my constituency, whether Christmas trees were involved in any of the support programs, or Christmas tree farmers.

MR. FRANK DUNN: Maybe a bit of background for committee members. There was a rather severe frost last June which affected just about every crop that we have in Nova Scotia, whether it's blueberries, field crops, Christmas trees, or our fruit growers - particularly apples.

The department and the minister have had many meetings with representatives of those commodity groups. As part of the process, our programs division implemented a survey in early summer. We had about 600 responses to that. One of the things that we have been doing the last while is analyzing the impact. That's gathering information from specific farmers around exactly what the impact has been to them. As you would realize, it's a fairly slow process, and some commodities are just wrapping up their year now. We are looking at the impacts at this stage.

I can tell you, though, that there are a number of other programs within the agriculture sector which farmers in Nova Scotia would be qualified for. These are business risk management programs. They are part of the Canadian Agricultural Partnership. They are administered by the federal government, out of Winnipeg, I believe. We have a program such as agriculture stability. We have crop and livestock insurance, which we administer here. There are a number of programs already in place to act as a safety net for the farming community when things like a frost occur.

MR. CHAIRMAN: Thank you. That concludes the time for questioning. I'll now allow the witnesses to have a few very short closing remarks if you would. Before that, I would like to thank you for your presentation. A few closing remarks from each of the witnesses if they wish - Mr. Dunn.

MR. FRANK DUNN: I'll be very quick, Mr. Chairman. I just want to thank the committee for the questions today and welcome coming back again.

MR. CHAIRMAN: Ms. Taweel.

MS. TAWHEEL: I, too, would just like to say thank you for the questions and offer that if you have any other questions, certainly always feel free to contact the department. I would be happy to support you in any way that I can.

MR. CHAIRMAN: Mr. Rafuse.

MR. RAFUSE: Thank you to the committee for questions.

MR. CHAIRMAN: Ms. Towers.

MS. TOWERS: I would certainly like to thank the committee but also the Auditor General's Office and all the staff there. I think that's an important role they play for all of us. It's beneficial to always be aware and evaluate your programs.

MR. CHAIRMAN: Thank you. If you guys would like to gather your gear up, we have a bit of committee business left, and I'm sure you don't want to partake in that. (Laughter) Don't you guys go anywhere.

[10:45 a.m.]

Ladies and gentlemen, to our committee business. First is the Subcommittee on Agenda and Procedures' record of decision. Each member has been provided with the record of decision from the December 19th meeting of the subcommittee. Can I have a motion to approve that record of decision? Mr. Wilson.

MR. WILSON: I move that we accept that decision.

MR. CHAIRMAN: Any discussion? Mr. Wilson.

MR. WILSON: Just one quick comment on it also - I know we had discussed it, but I didn't actually see this document until today. I didn't know if we had accepted that as a practice, but we had talked about the Canadian Audit and Accountability Foundation doing some oversight as part of follow-up that we did on our training. It was part of our conversation, and we had sort of entertained that. They had thrown that out as an option to provide the committee as sort of a follow-up to the training session they had.

I don't know if this would be the place to formally adopt that or not as a request to their response with the committee members. I know we did talk about it briefly. I didn't think there were any objections to it. I don't know why there would be. Could that be something that we could have added to this?

MS. KIM LANGILLE (Legislative Committee Clerk): If the committee wants to entertain it, yes. Maybe it might be easier to do it as a separate motion after this.

MR. WILSON: Thanks.

MR. CHAIRMAN: Would all those in favour of the motion to approve the record of decision please say Aye. Contrary minded, Nay.

The motion is carried.

Mr. Wilson.

MR. WILSON: I'm always a stickler for not wanting to put things on the agenda that weren't on the agenda, so I would first ask the permission of the committee to even have it there. Again, I thought it might be part of the record of decision . . .

MR. CHAIRMAN: Pardon me for a second. Can we deal with the agenda items now and deal with that at the end, please?

MR. WILSON: Certainly.

MR. CHAIRMAN: The January 16th committee meeting, there has been some talk about the attendance of the Privacy Commissioner, Catherine Tully, along with the Auditor General. Mr. Halman.

MR. HALMAN: This committee knows that the topic next week is a failure to protect the private information of Nova Scotians, so I would like to put forward a motion, Mr. Chairman. I move that the committee invite the Privacy Commissioner to attend the January 16th Public Accounts Committee meeting. The end goal is to provide commentary related to her anticipated report on the 2018 FOIPOP breach.

MR. CHAIRMAN: Questions on the motion? Mr. Wilson.

MR. WILSON: Mr. Chairman, as probably you're aware in the conversations that I have had, this is not an accepted practice within best practices of Public Accounts across Canada. Certainly, we know the legislative mandate of this committee is to follow the reports of the Auditor General, and we do look forward to that report coming forward next week and then subsequent discussions on what the appropriate witnesses would be after that to respond to that report.

In saying that, we do not feel that this is appropriate. It's not a practice that is carried on in other jurisdictions, and we would not be supporting that.

MR. CHAIRMAN: Ms. Roberts.

MS. ROBERTS: I recognize that we as a committee are going through a bit of a process of retooling and focusing on the work of the Auditor General. That said, for me this comes down to what is in the public interest. I think that given that as a committee we will have questions that will be beyond the scope of the Auditor General and given that this other independent officer of the Legislature will also be tabling a report on the exact same matter on the same day, it serves the public to have members from all three Parties be able to ask questions, to have that discussed in this committee that is available for Nova Scotians to watch and to have that be on the Hansard record. I'm in favour.

MR. HALMAN: I would like to thank my colleagues for their support of that. My colleague from Clare-Digby has indicated, and I know my other colleagues on this

committee have as well - a commitment to transparency and accountability. We're attempting to get more AG Reports in this committee, I understand, but it cannot come at the expense of the fundamental functions, the legislative mandate of this committee, and I fear at times we are heading down that path.

This is a prime example of a topic that is in the public's interest. This was a massive privacy breach to the point where the police went to a private dwelling and took that person and questioned them. I think the Privacy Commissioner has a lot to say on this topic. Part of the mandate of this committee is, where appropriate, to ask for further witnesses to help us better understand, to help us better hold government accountable.

To that end, I encourage my colleagues to reconsider because if we are committed to transparency, if we are committed to accountability, if we're committed to collaboration, here is a prime example where we can collaborate where there is sort of a spirit that from time to time we require the ability to call a witness based on what's happening in the province. We don't want this committee to be detached from what's happening.

The member for Clare-Digby has indicated that you want 100 per cent of this committee devoted to AG Reports. I find that problematic. I recognize I'm new to this committee, but my theoretical understanding of this committee is that we're always trying to strike a balance between the fundamental mandates of this. I worry and I caution that we're going down a path where we're going to focus way too much on one aspect when we want to strive for balance. Here is a prime opportunity to try to strike that balance.

MR. CHAIRMAN: Mr. Wilson.

MR. WILSON: You know me, Mr. Chairman, or maybe you don't - I usually try to just get my point out first and then not belabour the point, but just to respond. Around transparency, I think we're missing the point here with the Public Accounts Committee, that we have stepped up in a big way and taken 80 per cent of the reports that never, ever came before the Public Accounts Committee by the person that is - let's not forget - mandated by legislation to be our auditor, to be our independent person that keeps us on the right path, and we are now striving towards that.

I understand my colleague does not maybe agree with having 100 per cent of the AG Reports here, but the fact is that is a best practice and the fact is, having other witnesses come in when an AG is tabling a report is not, anywhere, and should not be. We do not also negate the fact that down the road there will be witnesses coming forward subsequent to the AG's Report. Those witnesses are selected by another process, and that's the time when you discuss who is going to come in as a result of the report.

We look forward to the report coming from the AG. Not only that, we look forward to the recommendations that are made and ensuring that we as a committee do our job to

follow and make sure that all those recommendations are done in the best interests of the taxpayers of Nova Scotia.

MR. CHAIRMAN: Mr. Halman.

MR. HALMAN: Best practices, yes - I think we would all agree that is a key ingredient when designing policies and procedures for committees. However, even in our legislative process we have something very unique to the Nova Scotia system - Law Amendments Committee, which other provinces do not utilize, but it works for Nova Scotia. Why then can we not have that similar attitude when it comes to this committee? Why is this the exception?

I think it's something we need to think about. I believe that if we want to achieve - and I know we all want to achieve the end goal of holding government to be accountable and transparent. Why not have a diversity of tools at our disposal to achieve that end goal? Why limit it to one practice?

MR. CHAIRMAN: Ms. Roberts.

MS. ROBERTS: Based on the opportunity I had this Fall to attend a conference of Public Accounts Committee members from across the country, I think what's clear is that there are actually many good practices, all of which are quite idiosyncratic to the different Legislatures and different Public Accounts Committees have evolved differently.

I think what is important in particular is that there be an intent to attempt to work together as a committee, and in the public interest. We can have the best practices possible - and I spoke with committee members who hadn't met in 10 months because there was such a lack of will to work together. I think we've made some significant strides.

I think clearly the Privacy Commissioner is an important office of the government and of the Legislature, and I would welcome the opportunity to hear first-hand and not through the news what the findings are. It's relevant to the subject and I know because we've sat here with the Auditor General before, there are many times when we as committee members ask a question and the answer is that it's outside the purview of what his office is able to comment on, so why not welcome the public conversation into this Chamber?

I say all that anticipating that we're not going to come to agreement so perhaps we might move to a vote.

MR. CHAIRMAN: Is there any further discussion? Would all those in favour of the motion to have Ms. Tully present along with the Auditor General in next Wednesday's Public Accounts Committee meeting, please say Aye. Contrary minded, Nay.

The motion is defeated.

Mr. Halman.

MR. HALMAN: I would like to put forward another motion for the consideration of this committee. I move that the Privacy Commissioner be called as a witness at a separate meeting to discuss the report on the FOIPOP breach in the near future - in the next couple weeks, a separate meeting.

MR. CHAIRMAN: Is there any discussion? Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

Mr. Wilson.

MR. WILSON: Can we go back to the motion that I was actually going to ask if we could entertain in regard to the Canadian Audit and Accountability Foundation coming in. I'll make it quick. If that's acceptable with the committee, I'd like to make a motion that we have that as a follow-up for them to come in and review the oversight of the Public Accounts Committee.

MR. CHAIRMAN: Are there any questions? Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

Mr. Halman.

MR. HALMAN: Mr. Chairman, I have another motion I'd like to put forward. I move that the tenders awarded for translation services at the IWK and other hospitals be approved as a topic for this committee, and that witnesses including, but not limited to the Department of Internal Services be called to appear before the Public Accounts Committee.

MS. ROBERTS: I think that would be a discussion that should come to the subcommittee.

MR. WILSON: In all due respect, for all the motions that are being brought forward I would like to bring a notice also that it's really not appropriate for these - and I've made this point previously in the Public Accounts Committee that we're here to have an agenda before us. I ask permission to have the one that I brought forward as a motion, which all the committee accepted. I never heard that from the member.

I would suggest that be a practice in the future that if we do have motions - as I've mentioned in the past - that they be brought before the committee prior to the committee sitting so we would be prepared to have a fulsome discussion on them.

In that case, I agree with my colleague that witnesses are brought forward through the subcommittee. We would not support that.

MR. CHAIRMAN: There is a motion on the floor to bring the tender process in as a witness. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

That's going to adjourn the meeting for today. The next meeting will be January 16, 2019. From 8:30 a.m. to 9:00 a.m. there is an in camera briefing with the Auditor General, and 9:00 a.m. to 11:00 a.m. is the actual meeting.

Thank you. The meeting is adjourned.

[The committee adjourned at 11:00 a.m.]