

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, December 15, 2021

LEGISLATIVE CHAMBER

Report of the Auditor General - 2021 Financial Report

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Public Accounts Committee

Hon. Kelly Regan (Chair)

Nolan Young (Vice-Chair)

Dave Ritcey

John A. MacDonald

Melissa Sheehy-Richard

Trevor Boudreau

Hon. Brendan Maguire

Claudia Chender

Susan Leblanc

[Hon. Brendan Maguire was replaced by Lorelei Nicoll.]

In Attendance:

Kim Langille
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

Kim Adair,
Auditor General

Morgan McWade,
Assistant Auditor General

Kirk Robinson,
Senior Audit Principal

Janet White,
Audit Principal

WITNESSES

Department of Finance and Treasury Board

Kelliann Dean,
Deputy Minister

Lilani Kumaranayake,
Executive Director - Fiscal Policy, Economic and Budgetary Planning

Rob Bourgeois,
Executive Director - Government Accounting

Department of Natural Resources and Renewables

Karen Gatien,
Deputy Minister

Peter Geddes,
Executive Director - Regional Services

Michael O'Brien,
Executive Director - Finance and Treasury Board

Donnie Burke,
Executive Director - Environmental Assessment and Regulation, Nova Scotia Lands

Department of Service Nova Scotia and Internal Services

Natasha Clarke,
Associate Deputy Minister and Chief Digital Officer

Mary Archibald,
Executive Director Financial Services

Chris Mitchell,
Executive Director Procurement and Chief Procurement Officer



HALIFAX, WEDNESDAY, DECEMBER 15, 2021

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIR

Hon. Kelly Regan

VICE-CHAIR

Nolan Young

THE CHAIR: Order. I'd like to call the meeting to order. This is the meeting of the Standing Committee on Public Accounts. My name is Kelly Regan and I am the Chair of this committee.

Just some reminders before we start. Please keep your masks on during the meeting unless you are speaking, please put your phones on silent or vibrate, and please wait for the Chair to recognize you before speaking. That's the hard one.

I'm going to ask committee members to introduce themselves, starting first with Ms. Chender.

[The committee members introduced themselves.]

THE CHAIR: On today's agenda, we have officials with us from the Departments of Finance and Treasury Board, Natural Resources and Renewables, and Service Nova Scotia and Internal Services to discuss the 2021 Financial Report of the Auditor General.

We did start the meeting 10 minutes late because of some technical difficulties due to a power bump here at the Legislature. We started 10 minutes late, so with the indulgence of the committee members, we would like to extend this meeting by 10 minutes so we get our full two hours in.

Is it agreed?

It is agreed.

Thank you. I will ask our witnesses to introduce themselves, and I will begin first with Deputy Dean.

[The witnesses introduced themselves.]

THE CHAIR: I will invite Deputy Dean to make opening remarks, to be followed by the other deputies.

KELLIANN DEAN: Thank you for the opportunity to be here to answer questions about the Auditor General's 2021 Financial Report. We greatly value the role of the Auditor General. Her office does important work and our department has a strong working relationship with the Auditor General and her staff.

[9:15 a.m.]

Despite the pandemic, government has continued to provide reliable and timely financial information and co-operate with the Auditor General's audits. As this recent report highlights, the pandemic has brought many challenges for individuals, businesses, and governments, requiring an unprecedented response from governments around the world. Putting supports in place to protect the health and well-being of Nova Scotians, as well as their livelihoods, required significant and necessary government investment. Like other jurisdictions, this impacted Nova Scotia's finances.

Through COVID-19, Nova Scotia has had strong and decisive Public Health leadership that acted quickly, and Nova Scotians have shown a dedication to following Public Health measures. This meant we've been able to reopen safely and with confidence. We know recovery has been slower for some industries, particularly in travel and accommodation, and while challenges remain we are seeing some positive signs in key indicators of the Nova Scotian economy as a whole.

The most recent Statistics Canada estimates published show that our economy contracted by 2.5 per cent in 2020 - the second smallest decline in Canada. In November, we rose above pre-pandemic employment levels and we've hit the highest level of employment on record. We're on track to hit a population of one million through interprovincial migration and immigration. As a province, we continue to learn more about how to manage the pandemic, but uncertainty remains.

I'm proud to say that the Department of Finance and Treasury Board is staffed with experts in their fields and are committed to monitoring the impacts of the pandemic on our

finances, reporting estimates and results in a transparent way, and providing well-informed guidance and advice to government as it implements its mandate.

The Province's Public Accounts for the year ended March 31, 2021 received a clean audit opinion from the Auditor General. This was the twenty-first year in a row for this accomplishment - one that we take great pride in and strive for every year.

Before December 31st, Minister MacMaster will provide a forecast update for Budget 2021-22, which will include our latest economic assumptions and outlook. We know we'll continue to see volatility as the world adjusts to this unprecedented situation, but the positive signs we are seeing can give Nova Scotians a reason to be optimistic about our recovery.

Thank you very much for the opportunity to say a few words. We look forward to your questions.

THE CHAIR: Deputy Gatien.

KAREN GATIEN: Thank you to the committee for the opportunity to speak about this important investment in our public lands. As has already been mentioned, joining me today from the Department of Natural Resources and Renewables is Peter Geddes, the Executive Director of Regional Services; Michael O'Brien is our Executive Director of Finance; as well as one of our partners at Nova Scotia Lands, Donnie Burke, Executive Project Director.

While this is my first appearance at this committee on this topic, many of you may already be familiar with the issue of potentially contaminated sites on Crown lands from previous appearances by the department. This is a long-standing issue and, in some cases, it dates back to more than a century.

One of the core mandates of our department is the stewardship and sustainable management of our Crown lands. There are over 60 former mine sites on Crown lands that the department is monitoring and all with unique circumstances. Government has already taken steps and made significant investments to ensure these sites are properly evaluated and managed.

Government has set aside \$60 million to clean up two of the most serious examples in the province: Montague and Goldenville. These sites were chosen initially because of their size, their proximity to communities and the expected high levels of contamination, based on the scale of past mining practices and sampling by researchers.

The Province commissioned in-depth assessments that provided the department with a deeper understanding of the sites and an estimate on costs. Once those costs were known, they were booked appropriately with the Department of Finance and Treasury

Board as financial liabilities. As more information continues to be gathered, these estimates will continue to be further refined.

From there, we've been working closely with our partners at Nova Scotia Lands on two fronts: the clean-up of these first two sites and the evaluation of the remaining sites. Staff have been working through the remainder of the sites systematically to rank them based on risk to the public and surrounding environment. This involves not only our staff and Nova Scotia Lands, but also the Department of Environment and Climate Change, the Department of Finance and Treasury Board, and the Department of Health and Wellness.

With that initial review now complete, the department is in the process of identifying the next sites that will move forward for more in-depth testing and analysis in 2022. This in-depth analysis and testing is necessary to determine if contamination exists, and to determine any potential cost estimates associated with what is required to ensure it is properly addressed.

We look forward to continuing this work with our partners across government. Thank you for your time.

THE CHAIR: ADM Clarke.

NATASHA CLARKE: Thank you and good morning, Madam Chair and committee members. Before we start, I would like to inform the committee that unfortunately, due to unforeseen circumstances, Deputy Minister Joanne Munro is unable to join us this morning. I can assure you that Deputy Munro was very much looking forward to meeting with you and is disappointed to not be here.

As mentioned earlier, and we've already introduced them, I'm pleased to have Chris and Mary here with me this morning to help answer your questions. We are very pleased to join you this morning, along with our colleagues from the Department of Finance and Treasury Board and the Department of Natural Resources and Renewables.

Madam Chair, we are looking forward to today's discussion and the opportunity to answer questions about internal control findings and financial and procurement processes, as well as cybersecurity relating to the 2021 Financial Report of the Auditor General. We will answer your questions to the best of our ability. For any question we cannot answer, we will commit to providing you with the information in a timely manner.

We have seen in Newfoundland and Labrador and many other places that cybersecurity and managing risks are a global reality. It impacts us all in many ways, from our personal lives to our professional ones. Everyone - including citizens, governments, businesses, and more - has a collective role to play in mitigating cybersecurity risks. We take cybersecurity very seriously, and the Nova Scotia Digital Service is constantly

monitoring and updating systems to ensure we are in the best position possible to prevent cyber attacks.

We have procedures in place to help government proactively identify and manage risks. With recent events, we know everyone has cybersecurity on their minds. We want to assure you that keeping our provincial digital assets safe is our team's top priority.

The Auditor General also made recommendations about internal controls and financial and procurement processes. We have established a joint procurement and financial services committee working to ensure strong internal controls are in place. Their work includes ongoing policy and system development and implementation, which will be finished next year.

I was pleased to see the Auditor General's recognition of the department's progress related to cybersecurity and improving internal controls in our processes. These are both important areas of our department's work. We know there is more work to do, and we are committed to making it happen. We look forward to the opportunity to talk about some of the specifics today.

I will be pleased to answer your questions related to the Nova Scotia Digital Service and cybersecurity. Any questions today related to the procurement and financial observations, I will hand to Chris and Mary. Thank you so much for the invitation to join you today.

THE CHAIR: We'll now begin the questioning portion of our meeting today. Each caucus will receive 20 minutes, and even if we're in the middle of a question or an answer, when the 20 minutes is up, it's up, so I will be interjecting and moving on. I'm not trying to be rude.

First up is the Liberal caucus. Ms. Nicoll.

LORELEI NICOLL: All my questions will be directed to Department of Finance and Treasury Board, unless I state otherwise. My first question is with regard to corporate taxes.

In the AG Report, it indicates that from 2019-20 to 2020-21 corporate tax revenue reduced by around \$131 million, which is approximately a third due to COVID-19. What are the consequences and impacts of such a reduction in corporate tax revenue?

KELLIANN DEAN: I'd like to suggest that Lilani answer the member's question.

THE CHAIR: Ms. Kumaranayake.

LILANI KUMARANAYAKE: In the report, we actually saw that all our personal source revenues through taxes were down. That was expected as we saw the impact of COVID on the economy. Taxes are related to our economic performance. Our personal income tax and our HST taxes were down about 1.8 per cent and about 5 per cent, but the corporate income taxes we were estimating at that time were down about 24 per cent, which is what you were looking at.

That was the tax base. Historically the corporate income tax base is relatively volatile. It does have a lot of swings. Part of that is due to the fact taxes are based on what corporations do and what they've earned. The estimates that we had in the Public Accounts were our best estimates related to what we thought would be the performance of corporations during that period. We anticipated quite a hit in terms of corporate earnings just because of the lockdowns and stoppages, et cetera. That's really what was reflecting that decrease in corporate income taxes.

LORELEI NICOLL: Just to elaborate, in your opinion, how important is the stabilization of corporate tax revenues to pre-COVID levels in our province's economic recovery? Considering the reduction of corporate tax revenue due to COVID-19, is now the time for a corporate tax cut? I'd like a yes or no. What would the impact of any additional corporate tax reduction be?

LILANI KUMARANAYAKE: Maybe I'll just step back a little bit in terms of context. In that report, the Auditor General did speak about the fact that over the past five years, there seems to be a reduction of 19.9 per cent in terms of corporate taxes. Actually, one of the things that has factored in is that we've had a number of tax cuts during that period, so I just wanted to flag them.

Effective January 1, 2017, we increased the threshold for the small business tax rate from \$350,000 to \$500,000. Effective April 1, 2020, we reduced our corporate tax from 16 per cent to 14 per cent and we reduced our small business tax rate from 3 per cent to 2.5 per cent. All of those taken together are about \$95 million in terms of corporate tax.

The trends that you see over that five-year period in the report should take into account that during that period there were these corporate tax reductions. If you now look at the numbers, we were at about \$411 million corporate tax at the end of 2020-21. However, if you factor in that \$95 million due to tax reductions, it is really only about a 1.4 per cent reduction in terms of corporate taxes over the five-year period.

I think that when you're interpreting numbers, it's important to look at the different tax measures in place at the same time.

LORELEI NICOLL: Regarding economic recovery, the Auditor General Report notes that several provinces have released long-term economic plans to help them regain

their health, both fiscally and economically. However, Nova Scotia has not yet released one. Could you elaborate as to why?

THE CHAIR: Deputy Dean.

KELLIANN DEAN: I think it's important to look at the fact that as we were dealing with COVID-19, the Public Health response was firm, fast, and leadership acted really quickly. Nova Scotians then showed a dedication to following the Public Health measures. That really has helped our economy and our reopening.

That principle remains. We're still firmly focused on managing the pandemic and ensuring that the supports are put in place to make sure that businesses can continue to operate and that we restore confidence in the economy and confidence among consumers. That recovery, as I said, is going to require primarily continued responses to the public health situation.

Also, I would say that in tandem with that, government has outlined its priorities and those are reflected as well for recovery and for planning in ministerial mandate letters. Those are very clear and they articulate key areas that the government wants to see ministers focused on. Those include: health care, managing access to health care, continuing to do that; attracting investment into the province; focusing on population growth and increasing immigration; tax policy incentive programs that are currently being assessed; looking at incentives to attract skilled labour, because there is a skilled labour shortage and we know that we need to attract more people in those positions in order to continue to have economy recovery; focusing on housing; and also focusing on climate change and the green economy.

Those are the priority areas that we continue to focus on as we also manage the pandemic response.

LORELEI NICOLL: I'm sure you're aware that B.C., Alberta, Newfoundland and Labrador, New Brunswick, and the Yukon all have these economic recovery plans. So far you've mentioned about response, but there's nothing about increasing resilience in the future.

My question is: At this time, has the Premier's Office or minister been directed by the department to begin work on a long-term economic recovery plan, like all these other provinces have?

KELLIANN DEAN: I guess my response would be that my understanding of ministerial mandate letters are that they span multiple years and that they outline the priorities for government and for departments to follow. That is a plan in and of itself that we are all working towards in our departments.

[9:30 a.m.]

LORELEI NICOLL: As we know, on April 7, 2021, Premier Rankin announced the creation of the Economic Growth Council with the purpose of being an advisory body with a mandate to position the province for economic success and grow the economy as Nova Scotia emerges from the pandemic. Could you update us on the work of this council?

KELLIANN DEAN: I'm not very close to the work of the council, but I'll do my best. My understanding is that the recommendations have been reviewed and are being accepted, but I would have to get you further information on that from the departments that are more involved than I have been.

LORELEI NICOLL: Could you discuss further the work of the Procurement and Financial Services Committee?

KELLIANN DEAN: I was just trying to think who might be best to answer that question. It may be Service Nova Scotia.

THE CHAIR: ADM Clarke.

NATASHA CLARKE: I'm going to turn this question over to Chris Mitchell.

THE CHAIR: Mr. Mitchell.

CHRIS MITCHELL: The committee that you're referring to was struck in 2017. It's met no less than by direction every two months. It's made up of membership from inside of Service Nova Scotia of procurement services, operational accounting, as well as internal audit, but we're also joined with membership from - sorry, I just want to make sure I get the terms right. Financial Advisory Services and Government Accounting from Finance and Treasury Board.

As I mentioned, we've met every two months - more frequently at the beginning. What we did was to take all of the observations which had been identified by the Auditor General's Reports and work progressively through a number of different deliverables to answer what is by and large the majority of the pieces which have been identified in those audit reports.

LORELEI NICOLL: To support Nova Scotians during the COVID-19 pandemic, the government had to incur more debt. The Auditor General's Report indicated that net debt increased by \$1.2 billion after multiple years of stability. Does the government have any plan to reduce our provincial debt, or is it just going to continue to grow?

KELLIANN DEAN: I'll start, and then I may ask Rob Bourgeois to follow up on the question. I would say that over the past year, we've been able to take advantage of some

attractive interest rates that are lower to refinance some of the debt and to ensure that our debt servicing costs are actually better managed, they're lower as we continue to borrow to respond to the pandemic.

Rob, I'm wondering if you would like to elaborate on that.

THE CHAIR: Mr. Bourgeois.

ROB BOURGEOIS: As we know, we're not out of COVID yet. This new government has a plan to incur deficits over the next couple of years. That's not different than any other province that is trying to get out of COVID as well. With that and on top of capital asset investments that are happening as well, all that would be an increase to our debt as well.

We came into the pandemic in good financial position, so from that we still have good credit ratings, a stable outlook on that matter. From an increasing debt perspective, we still sit in a good position to incur what we expect in deficits in the next couple of years, as well as capital investments that are expected as well.

LORELEI NICOLL: We were made aware of the \$55 million surplus that you came into, but with the anticipated increases that this government is going to be spending and expected large deficits for the foreseeable future, does the department have any indication on how this may affect the Province's ability to pay down the overall provincial debt?

ROB BOURGEOIS: Right now, as of March 31st, our debt portfolio is sitting at a 90 per cent fixed rate component, meaning that for the long term, our debt is probably at a low fixed interest rate, which 10 per cent of it is variable and can fluctuate. That's part of the strategy that the Department of Finance and Treasury Board has - to at least 50 per cent of its debt to be 15 years or greater in maturity, so we look at it that way. From the Finance Act, we look at it from - we have the responsibility of fiscally managing the debt and the financial position of the government.

As Deputy Dean mentioned, we have taken advantage of lower interest rates. We are refinancing higher rate debt with lower rate debt right now. All that is reducing our debt servicing costs and has reduced over the last number of years to give us that flexibility.

THE CHAIR: Ms. Nicoll, you have six minutes left.

LORELEI NICOLL: I'm taking in the information you have, but I'm still not really getting an understanding of the future and where it impacts the debt. The previous Liberal government brought down the debt-to-GDP ratio below 33 per cent for the first time since 1991-92, putting us on track to get to the 30 per cent target laid out by the ONE Nova Scotia report. The AG Report indicates COVID-19 caused our net-debt-to-GDP ratio to rise to around 36 per cent.

What actions would be necessary to get us back on track to achieve the 30 per cent net-debt-to-GDP that the ONE Nova Scotia report deemed essential?

KELLIANN DEAN: Yes, Nova Scotia's debt-to-GDP has declined from 45.3 per cent to 36 per cent, which does indicate that our economy was growing at a faster pace than our debt. I'll ask Lilani, perhaps, to explain a little bit more detail in answer to your question.

LILANI KUMARANAYAKE: The net-debt-to-GDP ratio is one of the key measures that we use to assess the affordability of our debt. As you said, pre-COVID-19, the net-debt-to-GDP ratio had been declining, except for the last year. There was a slight increase pre-COVID-19 with the budget tabled because of the capital investments. What we're seeing now is in the last fiscal year, we ended up at about 36 per cent.

Really, there are two key things around the net-debt-to-GDP: the debt and the GDP. What we're seeing is more resilience in our economic recovery. We noted that in our September forecast update. Statistics Canada released our real GDP numbers at the beginning of November, which indicated that our real GDP had declined only by 2.5 per cent. Actually, our nominal GDP growth, which we thought would also decrease, actually increased by 0.7 per cent.

So despite COVID-19, the core fundamentals of the economy have been doing pretty well. We're seeing a rebounding. It's not even. There are still a number of sectors in industries that are very adversely affected, but overall, from an economic point of view, the GDP is starting to improve.

That's one of the key pieces in terms of improving your net-debt-to-GDP. Your affordability of incurring debt is economic growth and we're starting to see that pick-up. I think that's a pretty critical component.

LORELEI NICOLL: Just quickly, it's on the minds of many Nova Scotians and myself that this government has made a lot of big promises. Has the department made any projections on the overall cost if these promises were to be implemented?

KELLIANN DEAN: I think you'll see that reflected in the upcoming forecast update, which is due the end of December, and as we work towards putting the budget together for the next fiscal year. Those commitments will be taken into account as we do that.

LORELEI NICOLL: Those were my questions. Two minutes can only go so far.

THE CHAIR: Over to the NDP caucus - Ms. Leblanc.

SUSAN LEBLANC: I just want to pick up a little bit on this conversation about recovery. It's really nice to hear that in spite of a global pandemic our economy is bouncing back fairly well, but in terms of the Public Accounts - in the budget that we passed before the pandemic began, there was a \$55 million surplus predicted, and then we got to a \$342 million deficit. Let's face it, that's quite a stretch. Like I said, it's good to hear that in some sectors there may not even be a rebound. Maybe some sectors weren't really affected, but others were.

I just wanted to talk a little bit about that. In this report, the Auditor General mentioned that the long-term economic recovery plans in other provinces have been a welcome addition to what's happening in other provinces, and that we don't really have a long-term economic recovery plan from the pandemic. The Auditor General said last week that the path forward needs to be laid out.

I'm wondering if the department has been asked by government to prepare an economic recovery plan connected to the pandemic, and if so, when will Nova Scotians be able to see it?

KELLIANN DEAN: What I will say again is that the plan that we have that we're following is articulated by the ministers in their mandate letters through departments, and there are very specific outcomes and priority areas that departments are following. These are going to take time. They are not things that can happen overnight.

As you point out, the recovery from COVID is unpredictable at best because it's not going to be smooth across sectors and there are going to be continued challenges in managing the pandemic. If you look at today, we're looking at Omicron and how it's spreading throughout the population. This continued response to COVID is also going to impact longer-term plans.

As I said, there's a bit of a balance here. There's the focus that we have on managing the pandemic, which is going to continue, and government will continue to provide the supports that are necessary to get us through the pandemic to keep people safe. That's the priority area.

As we do that, all of the departments are focused on supporting activity that has been articulated by this government in their platform and also in the ministerial mandate letters. Those things will take time. I highlighted some of them and some of those areas are critical in terms of longer-term recovery, like growing your population and making sure that you have skilled labour, ensuring that you have an environment that's favourable for business, making sure that we have affordable housing, making sure that we're addressing our climate change goals. All of those elements have multi-year commitments.

[9:45 a.m.]

SUSAN LEBLANC: What I'm hearing is no, there is not a centralized economic recovery plan for COVID recovery. I'm hearing that the government will spend money on the costs related to COVID, which obviously is welcome news, because we have been doing that and we need to continue doing that. As you say, we're still in the middle of a pandemic. I'm not being facetious. I'm saying what you've said is that the individual mandate letters have laid out the future of planned spending for the government.

What I'm asking is: Is there a task force or is there a plan being put in place to allow us to recover from whatever happens, whatever has happened in COVID, and whatever is going to happen in COVID? I'll leave that there. It's no secret that our caucus has been calling for an economic task force to be developed in the province with representatives from industry and labour and the Mi'kmaw community and the African Nova Scotian community, not-for-profits, educational institutions, municipalities, early childhood education, economic experts, et cetera, and MLAs from each of the parties.

We've been calling for that for a while. I'm wondering if the government has been asking you in the Department of Finance and Treasury Board to seek input from organizations or entities outside of government and sectors that have been impacted by COVID-19, to help the government develop a plan moving forward. If you have been asked, is there a list that we can see of people or organizations that have been engaged to discuss this?

KELLIANN DEAN: What I would say is that departments are in constant contact with stakeholders and we continue to engage stakeholders. I don't have a long list of very specific names of people, but as departments develop their own plans and look at the initiatives that they're responsible for implementing, there is stakeholder engagement that comes as part of that. We all do that as part of our role in government.

The other piece I'll share with you as well. It will come as no surprise that as we enter the budget period and start to prepare government's business plan and budget, that stakeholder engagement will happen in concert with that exercise. Again, although it doesn't specifically address your question, there are built-in processes in government that we follow as we implement and as we do our work that regularly require us and where we regularly engage the stakeholders that are related to the areas of work that we do.

I would say that stakeholders are not lost in the conversation at all as we move forward, and particularly as we've been dealing with COVID-19. Regular outreach has occurred with businesses, to other stakeholders to ensure that their needs continue to be met. It is part of our path forward.

SUSAN LEBLANC: Thank you for that answer. I'm going to ask one more quick question about it. The Auditor General clearly said that other provinces are benefiting from

an economic recovery plan that's clearly laid out and communicated to the residents of that province. My question is: If that's not happening, why is it not happening?

KELLIANN DEAN: Again, my answer to that is that it is clearly articulated publicly in ministerial mandates if the public would like to go through those and look at the priority areas that this government has set out over the next several years, so it's available.

SUSAN LEBLANC: With respect, as a resident of this province, if I was not an MLA, I wouldn't spend much time reading those mandate letters. Maybe that's just me. I'm going to move on.

I wanted to talk about the extra \$1.1 billion of appropriations that the Public Accounts reflected. The government approved \$1.1 billion in additional appropriations that did not go through the Legislature during normal Budget Estimates when we approved the budget last year, requiring obviously a vote in the House of Assembly. I'm wondering if you can talk about what oversight mechanisms were put in place for that spending.

KELLIANN DEAN: As we said at the outset, our job is to help government carefully manage the Province's financing and provide transparent information about government spending. The process for additional appropriations is that the House of Assembly, via the Finance Act, assigns responsibility to Executive Council of government.

All additional appropriations are submitted by departments to the Department of Finance and Treasury Board where they are reviewed. Then they are sent through a recommendation to Executive Council for approval. If Executive Council approves that, then the additional appropriations are made public through an Order of Council. Then we report those publicly in the forecast update and finally the Public Accounts. So there is a legislative process for that, which is provided through the Finance Act.

SUSAN LEBLANC: I guess if it's in the Finance Act then technically it's legislative, but there is no legislative oversight. It's an oversight provided by the Executive Council of the spending and then the Legislature doesn't see anything until the following year's budget, which could or could not reflect those things.

I understand that in some provinces - for example, New Brunswick - there is a mechanism in place for this type of additional appropriation. In New Brunswick, I understand that there is a special warrant that is issued that has to be agreed on at a later date by their legislature. I'm wondering if the department has been asked to look at alternative mechanisms for oversight on additional appropriations, or if that's something you would look at.

THE CHAIR: There are 10 minutes left in your party's time. Deputy Dean.

KELLIANN DEAN: To my knowledge, at this stage, I'm not aware that we've been asked to look at that, but I would be happy to look at that.

SUSAN LEBLANC: I also wanted to ask about something in the Auditor General's Report that came up, which was the vendors. When a government department spends money and pays vendors, there needs to be a reporting mechanism and those amounts are disclosed, generally. With government agencies, the payments do not need to be disclosed. I'm wondering why that is and if that is being looked at to be changed, and if it's a best practice?

KELLIANN DEAN: The disclosure of the information in Public Accounts, as you point out, applies to government departments and reporting units, so any vendor payments are explicit in the Public Accounts for government. The other organizations - the Crowns and other government bodies - are subject to auditing and FOIPOP legislation, and that's the accountability framework for those organizations. They would have the choice to make further steps, but at this stage they're not required to, and we certainly support transparent financial accounting.

Sometimes there may be payments that if they are disclosed might adversely affect an organization, but having said that, this issue hasn't been brought up before, but again, because it has been raised, we're happy to look into that further.

SUSAN LEBLANC: It's been brought up before, maybe not in this exact setting - certainly, I've talked a lot about it when it comes to P3 spending and the contracts with vendors in terms of building the new hospital or the highways, many things. I'm curious to know if there is a mechanism or if there's a way to address the legislative gaps. As you say, it's not required, so why would the agencies report those things if it's not required? It seems like a lot of work, but it does seem much more transparent. I'm wondering if there's appetite in the department to look at that legislative gap and make that change.

KELLIANN DEAN: We can certainly undertake to look into this, given that it was raised by the Auditor General.

SUSAN LEBLANC: I think I'm going to pass it on to my honourable colleague.

THE CHAIR: Ms. Chender.

CLAUDIA CHENDER: We'll continue on with the relief and the appropriations that we were talking about. In Chapter 2 of the report we have some details: \$698 million in expenses, \$242 million in capital spending. I'll put this question to Deputy Dean, but you can pass it along: I'm wondering if you can speak to any criteria that were used to determine how that funding was allocated. I know time was of the essence, I know we were in a relative emergency situation, but I'm curious how the decisions were made about what sectors were supported with those appropriations.

KELLIANN DEAN: I'm thinking back now to the beginning of COVID and the many conversations that were being held as the pandemic was unfolding. I think I just want to back up and just speak at the outset about the federal support. As we were beginning to see the impacts of COVID on our economy and having to impose shutdowns which significantly impacted business, we needed to very quickly figure out what the key sectors were that were experiencing difficulty and how we were going to respond. It was in the very beginning, a collaborative effort with the federal government.

You may be aware of the Safe Restart Agreement, the money that was provided to provinces and territories by the federal government to directly address the impacts of COVID-19. That was to procure PPE, which was a major issue in the beginning of the outbreak; to provide the CERB, which was the support for individuals who lost their jobs due to the closures of businesses; to support businesses themselves to help weather the pandemic; and to provide support for individuals who might have to take time off due to COVID-19 to be tested or who got sick due to COVID-19 and didn't have coverage and didn't have sick pay. So there was a level of federal government support.

The Province took the position that there were opportunities to then look at where the gaps were. We started with the major areas that the Government of Canada supported us with and then looked at where we could do more or fill a gap that wasn't currently being addressed. That's when the Province determined what its support levels would be in the areas of helping business. We not only flowed the money from the federal government, but then looked at our own programming areas, and so there was significant support for business.

There was support for tourism operators. Lilani has the list, I believe, of various program areas that the provincial government then jumped in to deliver in a very timely manner to help business. Again, it was predicated on where the gaps were and where could we provide the best support possible for those who were affected the hardest - the hardest hit.

The other element that I would say as well on this is that speed was of the essence. The ability to deliver support to people very quickly was also critical in the decision-making around how to provide that money.

CLAUDIA CHENDER: I think we'll probably try to come back around, but I do want to ask a couple of questions around resources and renewables. There was a fair amount of focus on contaminated mine sites. I think the deputy addressed that in her opening comments.

One of the things that really stood out to me is that line item - the financial liability that shows up in the books - is for two sites. We have so many sites. Just today in the news, I think, was this news that a marine sanctuary might not go forward because it's close to an abandoned mine site - there might be toxins in the water - they can't do it. That's just

one example of what might be a massive Pandora's box - environmentally, but also financially.

I'm wondering, what is the timeline? When are we going to see the true environmental and financial cost of remediating those sites on the books?

THE CHAIR: Deputy Gatién.

KAREN GATIÉN: I'm going to turn it over to Peter and Donnie to add a little more detail since they have much more experience on the file than I do. I will just say it won't be surprising. We started with these two sites because they were closest to communities - significant contamination. We will learn a lot from actually going through the process of working through the plan for how to remediate them.

We will work systematically through the other sites. It's going to take a long time. It's certainly a very careful and challenging experience to have to go in and not only do environmental assessments, but there'll be some consultation.

I think what I'll do is maybe ask Peter to just elaborate a little bit on some of the work that is happening and the challenges that surround the timeline.

THE CHAIR: Mr. Geddes.

PETER GEDDES: There are 68 sites, so there are a lot of sites to look at. We've got a process where we're going to go through them over time. At one point in time, we were asked by the Auditor General whether it was possible to take Montague and Goldenville - the two sites that we've booked liabilities for - in sort of straight-line and say, if these two cost this much, can you go right across the board and come up with a number?

It was not possible because all the sites are so different. Until you get in and you delineate how much contamination - if there is contamination there, because that's a really good point, there may not even be contamination that needs to be managed on some of these sites. That's one of the reasons we need to do some more looking at the sites.

It's not going to be possible until you actually do some on-the-ground digging and determination to both the delineation of the contaminants and also depth of contaminants, what the receptors are for those contaminants. We're talking probably a few years before we'd be in a better position to say, the overall package of sites . . .

THE CHAIR: Order. Now we'll move on to the PC caucus. Mr. Young.

NOLAN YOUNG: Am I allowed to ask the Auditor General a question in this setting?

[10:00 a.m.]

THE CHAIR: Yes.

NOLAN YOUNG: According to the additional \$1.1 billion appropriations, would you be able to walk me through the process and how this had taken place, according to your report?

THE CHAIR: Ms. Adair.

KIM ADAIR: Thank you for the question. I guess the process and how it came about is probably best answered by the Department of Finance and Treasury Board. We simply point out that was the incremental amount over the original budget back in March, which was established before COVID-19 was on the radar. The appropriated amount approved by the Legislature would have been what was in the original budget, but by the end of the year, an additional \$1.1 billion was added and approved by Executive Council at the time - as has been described by the deputy.

NOLAN YOUNG: I know with COVID-19 it's been extraordinary times, and it seems extraordinary measures would have taken place. Typically, when money is appropriated - I think how you have it in your report here - the budget to be tabled by best estimates and then it would be debated and talked on by the House of Assembly before going through.

We see that normal function - I shouldn't say normal function, but how things typically function with the debate hadn't taken place. It went directly through the Executive Council. I guess my question is: Is this something that's a unique practice or is this something that's widespread across other jurisdictions?

KELLIANN DEAN: We do have additional appropriations every year, so that's not an extraordinary occurrence. I think the magnitude of the appropriation is probably an extraordinary occurrence. That was due to COVID-19. You might recall that the budget was actually tabled before COVID-19 hit. That really created the difference and the gap that you might be seeing.

I will point out, too, that the billion dollars in spending - about \$698 million of that was COVID-19 supports for people, for business, and another \$242 million was stimulus funding. Those were capital projects and things to keep people working during the pandemic.

The process for additional appropriations was followed and the process for approving budgets and debating them was followed. It was an extraordinary year of costs due to the unpredictability of the COVID-19 pandemic.

NOLAN YOUNG: Of course. I'm not debating the severity of a pandemic by any stretch of the imagination. In your opinion, would you say without debate, it might pose itself as a possible significant control weakness?

KELLIANN DEAN: I'm going to ask Rob to comment on that in terms of the control aspect of it. I believe that every usual process that was required to do the budget, to debate the budget, to implement the budget was followed. Rob?

ROB BOURGEOIS: From a control perspective, I wouldn't say it's a weakness. It's probably a gap, I'll say in the transparency of this Chamber of this House. But there were processes in the Finance Act and there are processes that are followed through forecast updates that are provided to the public - so there is transparency there.

The decision-making of those additional appropriations goes through a very exhaustive forecasting process - monthly, quarterly - so there are a lot of eyes on those amounts. Then it comes to Executive Council and Executive Council makes that decision to either approve or not. I wouldn't say it's a control weakness.

NOLAN YOUNG: My next question is to the Department of Service Nova Scotia and Internal Services. It has to do with control weaknesses in Service Nova Scotia. Significant control weaknesses were previously reported. Two departments remain unfixed. One such is in the Department of Service Nova Scotia and Internal Services and six in which significant control weaknesses are outstanding.

My question is: Do you know why these are outstanding, and would they be unique to your organization?

NATASHA CLARKE: I will ask Chris to take that.

THE CHAIR: Mr. Mitchell.

CHRIS MITCHELL: I think one of the things I should start with is that I'm exceptionally proud of the work that's been done in the joint committee that was already indicated earlier in the answer. They are doing some transformational work. They are actually taking comments which were very welcome from the Auditor General to help us focus on areas where we need to continue to improve our controls in the process.

They group those loosely into about four buckets, and those would be: no particular policy or programs exist to take a look at them; there are existing ones, but they're outdated and need to be updated to current times; ones where we are aware of them and the policies exist but the awareness is low on people who have to actually pay attention to them in order to create the controls you're talking about; and lastly, where people are aware but they're actually not complying with those.

A great deal of work has been done inside that committee, and there's actually a long list of items that have been completed in there that speak to those things. They either speak to the creation of policy where it didn't exist - purchase order policies, et cetera; they speak to things which needed to be updated, so one of the things that needs to be understood is the procurement and payment of invoices stretches across the entirety of government.

Almost everybody you will talk to in government is in one way or another engaged in that process, from buying pens and papers to approving payments on buildings and renovations, et cetera. When we go to try and change the process which is in place, there's an astronomical amount of culture change in there, of making sure that people understand when we're actually going to modify or change the process.

That brings with it an entire piece of training, awareness through the creation of SharePoint sites to allow people to get quick access to valid, up-to-date information. That committee is having to do those on the fly at the same time as - we've spent a little bit of time today talking about COVID. Things in COVID time were extracting a great deal of staff effort to work on getting emergencies looked after, et cetera.

This has been happening in the background on the back of some exceptional work from the staff who have been involved in this one. I guess the answer to whether there is a concern is, certainly there is. Is there a lot of work which is already taking place? Absolutely. Is there remaining work to do? Absolutely, and there's planning in effect that will deliver on the remaining observations over the next 12 to 18 months. Great work done, transformational in nature, culture change in nature, exceptionally challenging to get that kind of training and new awareness out across government at large.

The last piece of that is the compliance piece, which will be the things that we've created, the newness of those. There's a requirement at the back side of that to ensure that we haven't put all that in place and that nobody's following them anyway, so a key component of the work that's been begun but will be launched within the next 12 months is a full compliance program at the end of that as well.

THE CHAIR: Up next from the PC caucus, Mr. Boudreau.

TREVOR BOUDREAU: My questions will be related mostly to the Department of Natural Resources and Renewables. From the AG report, it's our understanding liabilities associated with the Boat Harbour cleanup have jumped from \$130 million in 2016-17 to about \$274.5 million in 2021. That's a 100 per cent increase in liability in five years.

What has attributed to this doubling of potential costs, and would it be safe to say that costs will continue to rise as long as we are awaiting a cleanup, and what do we anticipate those costs to be in the best estimation of the department?

THE CHAIR: Deputy Gatien.

KAREN GAITIEN: I'm actually going to ask Rob Bourgeois from Finance and Treasury Board to respond.

THE CHAIR: Mr. Bourgeois.

ROB BOURGEOIS: It has jumped a lot in the number of past years. That's because of how complex the project is, the sites, the contamination on-site, and what has to get done. Folks at Nova Scotia Lands Inc. are working on behalf of Public Works on this project and have been looking at the estimates with expert engineering firms. As more information is understood about the site, that's what drives the liability. That's what drives the costing.

Right now, we're in a state of waiting for the federal regulator to approve the strategy to continue. Right now, as of March 31, 2021, sitting at \$274.5 million - that's our best estimate, based on all the information that we have collected so far. There is still work going on. There has been some pilot testing in the area, on the Boat Harbour site - and there is obviously a strategy of how we remediate and what's the best strategy going forward.

After the regulator comes back with its response, again, another round of looking at where we go from there. After that approval is when we can go to tender and to market, so when we RFP these contracts for remediation is really when we'll better know the cost of those projects - so there may still be some changes.

TREVOR BOUDREAU: Is there a timeline in that? You're saying you're waiting for federal approval, but are we talking six months, 12 months? We need some cost certainty in terms of what's going to take place so that government can better prepare. Is there a timeline associated with this?

ROB BOURGEOIS: I think COVID-19 delayed it a bit, but we're expecting a federal regulator response in 2022. If we get that in 2022, we can proceed to tendering, and then hopefully award those contracts and start remediating in 2023. My understanding is that it could be a seven- to eight-year project once remediation starts.

TREVOR BOUDREAU: Based on the timelines, it would be safe to assume costs are going to go up. The \$19 million in additional monies being put aside for the cleanup is the responsibility of Northern Pulp, right? That's my understanding. It's to take care of some of the cleanup that they're supposed to do. Instead of it being included with the liabilities - the \$274.5 million - it was recorded as an accrued liability in the accounts payable.

Is this because we're anticipating to get that money back from Northern Pulp? If so, how are we anticipating getting that back? If not, does that mean the taxpayers are going to be on the hook for this additional \$19 million?

ROB BOURGEOIS: You're right, the \$19 million is really the legal liability of Northern Pulp to clean up because it resides on their property and they're responsible for that. The reason that the government stepped in at the time was really in regard to the work not being done, and it was affecting the timeline of our project.

We stepped in and we said we will take operational liability or responsibility for that piece of work. We've estimated it to be \$19 million and we've done it through a way that is called a reservation of rights letter, which gives us the right in the future, if the government wanted to pursue collection of that. That's why we've kind of hived it off from the \$274.5 million under our liability for contaminated sites - to show that part is really our true liability - whereas the \$19 million is there and it's Northern Pulp's responsibility, which we've taken on to keep our project going.

THE CHAIR: Deputy Gatien, I believe you had something to add.

KAREN GATIEN: I just wanted to add a small point of clarification that the Department of Natural Resources and Renewables really only deals with contamination on Crown lands. This work on Boat Harbour is actually led by the Department of Public Works.

TREVOR BOUDREAU: I'll have just one quick follow-up and then I'll get to some of the contaminated sites stuff. Do we anticipate any other remedial work that Northern Pulp is responsible for that we're going to have to take on some of the liability for? This was one section of \$19 million. Is there anticipation there is more to come?

ROB BOURGEOIS: That's probably more than I can speak to at this point. I don't know of any others, but as the project proceeds and the impacts of the CCAA with Northern Pulp - I'm not sure where that goes, but for now, the \$19 million is all I'm aware of.

TREVOR BOUDREAU: With respect to the contaminated sites and abandoned mines in the province, this has been ongoing for years - you've said it. Some of these are abandoned for a very long time, and it's really concerning that we don't have that understanding of the risks and liabilities, and that will come, but do you guys have an internal hard timeline to get these investigations and environmental assessments done so we can get a better picture of the certainty of the costs associated with it?

KAREN GATIEN: I think I'll let Mr. Geddes speak to this because he has the history in terms of the work that has been done to date, as well as the plan forward.

PETER GEDDES: I think our strategy is that we would conduct a few assessments a year over the next several years to better able us to do an estimate based on doing a range of mine types, a range of amounts of contamination, different environments that we're working in, and use that to be able to come up with some type of estimate and longer-term

plan in how we're going to get there. Realistically, it's going to be a few years before we work through enough of those sites that we'll be at that stage.

TREVOR BOUDREAU: You mentioned previously 68 sites across the province. I'm not sure if that number will go up or down, but of those 68, how many have been investigated to date? You've talked about the two mines, but how many of the other sites have been investigated, and have any of those been financially costed out yet, and if so, maybe give a bit of detail?

[10:15 a.m.]

PETER GEDDES: Only two of the sites have been costed out so far, that's the Goldenville mine site and the Montague mine site. There's been a lot of work that's happened on all the other sites. There are 68 sites on the list, and I always try to make this point: not all of these sites are contaminated. These are sites that we know historically had activity that could lead to contamination. We have to do the actual site investigations - physical investigations, dig-in-the-earth kind of investigations to determine if contamination is there and how much.

We have gone through a process led by Nova Scotia Lands to do a desktop level analysis of all these sites and some ranking around risks associated with them. Perhaps I can let Mr. Burke speak to what the exercise involved.

THE CHAIR: Mr. Burke.

DONNIE BURKE: We developed a prioritization matrix to look at the - there were 69 sites of course originally. One has come off in the interim. We're down to 66 that are other sites too that actually have identified liabilities with them. Montague and Goldenville as Peter said.

What we did to assess the other sites is look at them from more or less four different buckets. One would be of course the spatial distribution of the tailings. Tailings are pretty much the main contaminant concern, but there are other environmental effects that are associated with that, whether it's ground water, surface water flow. One of the members mentioned the fact that potential development may be held up because of one of those.

We took every bit of information that government has in digital and in our libraries. These sites are over 100 years old, so we've compiled that into a digital format that we can review. Then we did a desktop exercise to rank them. We looked at them from a human health perspective, and of course that was probably the largest weighting, but everything had a weighting, because of course then the question always becomes to the elected officials is, when is my site getting done? That's always the challenge with anybody when you see a site listed.

We wanted to have a defensible process to go through so we could rank them, assess them from a desktop perspective. This year, even during COVID restrictions back in May, we started doing site visits. Out of the 66 sites, we put boots on the ground on 28 of the 66. We've flown drone missions over them and collected real-time information to validate what our conclusions would be, so we do have a draft prioritization matrix that we developed. It's draft from the desktop perspective, and then we put boots on the ground and validate that.

We're still in the midst of validation. They are ranked high, medium, and low based on risk. Our goal is - and we've been dealing with the department - to take some of the low-risk sites in the interim, so we have junior staff for instance that do the site visits, so we'll pick some of these lower-risk sites that are low-hanging fruit and possibly remove them from the list in working with Nova Scotia ECC.

THE CHAIR: Order. We'll now move to the second round of questioning. Each caucus will have eight minutes, beginning with the Liberal caucus.

Ms. Nicoll.

LORELEI NICOLL: On July 7th, the Economic Growth Council outlined 16 recommendations focused on short-term, immediate actions aimed at supporting Nova Scotia's post-pandemic economic recovery. A second report was recommended for September but has still not been released. Do you know when we can expect the release of this report, and does this council still exist and advising this government?

Deputy Minister Dean did say speed is of the essence, and economic recovery in many minds, including right now - I mean, it's interesting that we know we have to focus on the pandemic, and we have been doing that. But I've always been proactive and looking to the future, and I'm not seeing that right now in any of the answers that were presented today.

I want to know if this Economic Growth Council still exists and is it advising the government.

KELLIANN DEAN: I have to say I'm not close to the work of the Economic Growth Council, but I will follow up for you and get an update on what's been happening the activity and the commitments that have been made.

My understanding is that the recommendations have been accepted and they are being worked on, but I will get you a further update because I'm not as close to that work as other deputies may be.

LORELEI NICOLL: That's concerning, because that's primarily why I ran. I'm new to this room and I'm proud to be here, but the economic recovery was a big piece of

it. To not be able to be given an answer whether it's still in existence or not - and it was very much top of mind in the Auditor General's Report. You have no idea where this council is? Has it been dismantled?

KELLIANN DEAN: I think I said that I know that the work of the committee was accepted and that plans are being made to implement or to act on the recommendations. Personally, I've not been part of the work. My colleague Fred Crooks has been very involved in that work, and as I said, I will get an update from my colleague for you.

I would not want to leave the impression that the work of the council was not important or taken seriously by government, or that it would not be acted upon. If I gave you that impression, that was not what I intended to do. I simply don't have the level of detail with me that I think you would like us to provide to you, so I will endeavour to get that for you.

LORELEI NICOLL: I'm asking basically because it was presented in the Auditor General's Report and she stressed the high importance of this economic recovery plan exists and be outlined to the people as to what they are planning on doing.

I appreciate all the comments that I heard here today. There is a strategy for environmental remediation, there's a strategy for procurement controls, but I'm not seeing or hearing of any strategy for economic recovery. Thank you.

THE CHAIR: Ms. Nicoll, was that a question for Ms. Dean?

LORELEI NICOLL: I know I'm going to be responded to with the same thing as was said before, so now I'm going to move on to cybersecurity questions. The report mentions that Service Nova Scotia and Internal Services continued to expand the government-wide cybersecurity risk register. Could you discuss the progress being made?

NATASHA CLARKE: A cybersecurity risk register - I want to just spend a little bit of time talking about what the intent is of that. A cybersecurity risk register is something that is an ongoing piece of work. Think about it in terms of a database or a way that we track all of the different risks that we might have as it relates to cybersecurity.

For example, if we have a new service that we need to build and deliver digitally, we would evaluate that service with things like a threat risk assessment and a privacy impact assessment. The findings of those assessments would be tracked in the register, so if we have risks that are identified as part of that evaluation, we would track those in that register.

As that product was being developed, we would then perform activities like vulnerability testing and penetration testing, which is essentially like hacking at the system ourselves, to try to then close the gaps that have been identified as part of those risks. It

may also mean, though, that we have to change some of our processes or it might mean training. It can be any range of risks that could be identified as part of those threat risk assessments or privacy impact assessments.

As risks are closed out and we've closed the holes for the bad guys, we would take those off the risk register. Those that still remain, we would look to those mitigations and other changes and monitor those over time. It's like a living document for us to be able to keep tabs on what is happening in terms of our risk profile.

LORELEI NICOLL: The report states that cybersecurity training programs are still in development. What stages of development are they in and when are the training programs expected to be completed?

NATASHA CLARKE: I love this question because it's going to give me an opportunity to show you a layer cake that I like to refer to with cybersecurity and I'm happy to table this for members as well to take home. Why this is important is that there are many aspects of cybersecurity and having a robust cybersecurity plan.

Humans are our biggest strength, but also our biggest weakness, so a training program is really required. We've invested over the years in training for our IT professionals, but as we know, cybersecurity is everyday business now. It's a part of our core business.

I'm happy to say that we recently had budget approval as part of the budget process this year. We've just received recent approvals to proceed with the procurement steps to procure that robust training platform for the whole of government. We will now quickly - as the Auditor General pointed out - be able to start to issue that procurement and get that training on the ground and start to execute that within this fiscal.

THE CHAIR: We'll now move on to the NDP caucus, with eight minutes. Ms. Chender.

CLAUDIA CHENDER: I want to go back to the Department of Natural Resources and Renewables. Deputy Gatien, you said it's going to be a long time to inventory and clean up these sites. We've heard more about that subsequently. I have to say it's a bit disappointing that we have a new government that sort of campaigned on being solutionists and fixing problems and doing it quickly. We also have all acknowledged in this House that we are in the midst of a climate crisis, and yet, we know that we have these toxic sites, and so I want to dig into that a little more.

The first is, Deputy Dean mentioned earlier when we were asking about recovery plans that it's in the mandate letters. Well, I have to say that cleaning up contaminated sites is not in the minister's mandate letter. That is very concerning, along with what we're hearing about indeterminate timelines.

I guess I'll just focus on what we've heard. I'm told that sites are being ranked high, medium and low priority. Can you give us a sense of how many sites are in each of those baskets?

THE CHAIR: Ms. Gatién.

[10:30 a.m.]

KAREN GATIEN: I would ask Mr. Burke to answer that.

THE CHAIR: Mr. Burke.

DONNIE BURKE: There are roughly about 10 to 12 sites that would be ranked at low risk. There are about 24, I believe, that would be at the medium level, and about the same, roughly, in the high-risk category.

What we did find out as we did these assessments is that ownership becomes a major issue. We're looking at contamination on Crown lands. That's the direction given to Nova Scotia Lands. One of the biggest things is that with some of these sites, it might be - you might live on a property that has an abandoned mine site next to you, but the stamp mill could have been on your property. The question then becomes, does government claim to be third-party impacted?

So there are big challenges in terms of property ownership and how this stuff moved around. It's something we didn't anticipate, so it made us back up a little bit and take a look at it, because our risk rankings put public health at the highest risk, of course, and what I'm happy to say, especially on Montague, we're well advanced on Montague. We have done some human health risk assessment studies. Lake Charles, Barry's Run, we have a final report coming out on Montague itself.

The human health risk potential is very low because arsenic is the main contaminant of concern, and mercury - these are gold mine sites. I would mention too that some of these sites are limestone quarries, which could just be a typical quarry like Conrad's Quarry in Dartmouth, for instance. That would be considered a mine site because they did open mining. Some have relatively low risk from that perspective.

We do look at them from all potentials. The gold mines seem to have the biggest because of mercury and arsenic, but the arsenic's not bioavailable, so when you say toxic sites, I haven't seen any that would alarm me to being toxic that I wouldn't walk on it myself without PPE, for instance. I don't want to alarm the public of Nova Scotia that these are significantly toxic. They're contaminated, most of them, but some of them aren't contaminated, as Peter alluded to as well.

As we work through them, we're finding anomalies as we go through, and that became a bit of the lag. Of course, I go back to the questions about Boat Harbour. When we first went on the Boat Harbour site, the initial liability was \$20 million. As we knew a little bit more it became \$100 million. As we knew a little bit more again it became \$180 million, and now we're up around \$270 million. As you learn on these sites, that becomes the issue.

With the accounting folks in the room, they want to be able to have precise numbers on why these costs are what they are. When we have our meetings with the AG, I joke with them that I could easily pull out a cigarette pack and give them all kinds of numbers, but I can't defend them. Until we have the science to defend them, that becomes a challenge.

CLAUDIA CHENDER: I appreciate that. As to your question, is government third-party impacted, yes, I would say. The other piece, I understand that there's lots of debate around toxicity, but of course the twin crisis with our climate is biodiversity, so whether or not I would walk around in PPE, I would argue that at least the 24 ranked high - if that health issue is one of the key ranking points, it ought to clearly cause us concern.

I want to just shift quickly to something that is in a mandate letter that implicates I think your department, probably, which is the Department of Municipal Affairs and Housing. The minister was asked to develop a full inventory of lands owned by the Province and areas that could be used for housing. I believe that the time for that has elapsed - the three months given to the minister in that letter. Is there any update on that? I don't know if that would be you, Mr. Burke, or Deputy Dean looks like she's got a response.

KELLIANN DEAN: I think what I just want to clarify is that in the mandate letters, there was a requirement to produce plans in 90 days, but the actual items that were articulated in every mandate letter did not have to be completed within 90 days. I just wanted to frame that, I just wanted to clarify.

THE CHAIR: I'm not sure who is here from the Department of Municipal Affairs and Housing. I don't think there is anyone who is able to answer that particular question about that minister's mandate letter.

It looks like Deputy Gatien is going to give it a try.

KAREN GATIEN: What we're going to offer is Peter has just suggested to me that he could provide a bit of a response with respect to Crown lands. We were asked to look at some Crown lands, so just for that piece.

THE CHAIR: Mr. Geddes.

PETER GEDDES: Just very briefly, aware of that initiative because one component of that initiative was to do a scan of all Crown lands that would be under the administration of Department of Natural Resources and Renewables, so we were asked by the folks leading that initiative to do that. We have provided some information back to them, but the actual leadership of that program lies with them.

CLAUDIA CHENDER: Are you able to say what some of what information you provided back, in general terms?

PETER GEDDES: The main thing for us is that for any use of Crown land, we have something called the integrated resource management process, which really looks at the Crown lands from a wide range of public values. Are there pre-existing rights on the land? Do we have long-term use for it? Is it important for biodiversity, species at risk, all those kinds of things?

We would have done a screening on some of those sites and given them some analysis back on that. I don't have the details of which sites or anything like that.

THE CHAIR: Now the various departments are welcome to make closing remarks. (Interruption) Oh I'm so sorry - Mr. MacDonald.

JOHN A. MACDONALD: First off, I had a lot of questions last week that the documents did a great job with, but I still have some others. This would be to Ms. Clarke. You mentioned that there has been a budget allocation to deal with cyber training. Was that budget in the 2021-22 or has that just recently been announced?

NATASHA CLARKE: It will be in this current fiscal's budget.

JOHN A. MACDONALD: Since 2014, we've known from a government standpoint this was a priority. It appears now it's finally getting to the list. Do we know why the previous government didn't really put it as a big priority?

NATASHA CLARKE: What I would say is that our submissions went into government as part of the budget process. The budget was allocated, and we were approved to move forward with this. I can't speak to the past years, but I would say we certainly have received the commitment around this investment this year.

JOHN A. MACDONALD: Obviously, there are questions regarding this that we can't ask in an open forum, just so people realize. I just have one other question. Reading through the report, there is one thing where it says, where one or more of the recommendations are made and the business owner has the following options available to them: accept them and carry them out, or decline one.

In the event that somebody declines a recommendation from your department on a problem with - and this is the NSDS, CS [inaudible]. What happens with that? A business owner just can't say, no, we're not really going to worry about it. There are other checks to ensure that they understand you're a professional and you're giving it real good advice.

NATASHA CLARKE: There are a couple of parts to that, from my perspective. We have controls in place, like our Architecture Review Board, which have gating processes as part of an initiative. Any new initiative or any changes to existing software - so there are controls in place that monitor privacy and security and a number of other business aspects - those gates have to be met with certainty before we will put something on the internet.

What I would say is, there are nuances sometimes to those debates in terms of what is a business risk versus a technical risk. Sometimes there are trade-offs that have to be made, but that is a joint decision between the NSDS and the business because even though the perfection and the technology world, there is actually a bigger business risk if we don't proceed with something. Those conversations have to happen together.

What I would say though is, we are on a journey inside of government - and it's not unique just to the Nova Scotia government. It's unique to all organizations that had their origins in paper and analogue. We've been an analogue government since the 18th century. We are going through this transition where IT is moved from the back room to being core to our business. What that means, as Chris talked earlier about culture change, that's a part of the work that we're doing at the Nova Scotia Digital Service. We are helping enable government become an organization of the internet era.

Some of what you're poking at there, from my perspective as CDO, is getting at that nuance of bringing multi-disciplinary teams together - the business, security, policy, legal - all of those different perspectives, all grounded in what the user needs to make good decisions about what we can put on the internet. We do have strong controls in our contracting, for example, and again in our ARB processes because you're right, there are times where we just have to say no, that is too risky and this is why.

THE CHAIR: Mr. Boudreau.

TREVOR BOUDREAU: Just back maybe to the Department of Natural Resources and Renewables. It's great to hear you've prioritized and you focus on the high-priority ones to get some of those low-hanging fruit early to get them off the books to give us a liability certainty and where we're going to go.

For me, it's important to get on the record to say in 2018-19, I think we were saying \$48 million for those two gold mine sites. Now it's at \$60 million. The liabilities continue to go up. Those, along with some of the contaminated sites that are going to have some

cost value to them - is it safe to assume that costs are going to be higher over the next few years as we get through this investigative and environmental testing process?

KAREN GATIEN: The short answer is yes, it is safe to say that. I will just say that we're working as quickly and diligently and systematically as we can to do those assessments and to really understand the degree of contamination and the risks around it, and then what the appropriate remediation steps are that should be taken. I don't know if Mr. Burke has anything further to add on the cost piece, just to clarify that further.

DONNIE BURKE: We anticipate things to go up, but part of what our job is and what we've done throughout our tenure with Nova Scotia Lands is look at it from a lessons-learned perspective. A lot of what we used on Boat Harbour was used on Sydney Tar Ponds. Similarly, what we do on Boat Harbour is being passed on to the mines.

In particular with the mines, our advice has been from the start, let's get the two gold mines assessed, but then develop an economy of scale perspective where you develop that lesson learned and you can take that information and bring it to the other sites. If we threw them all at the wall right now, we'd have 20 different consultants telling us this is what a site-specific target level would be for arsenic, for instance. We know the limit for it is 30 parts per million, but a site specific-target level similar to what we do in Boat Harbour or Sydney Tar Ponds, on an environmentally-managed site, could be 130 because of where the site sits, what background is and that, so it's to develop those lessons learned to provide prudent use of taxpayers' money.

By taking time, we try to do it right. I know that's a Maxwell House coffee slogan, but truthfully it works in that field as well. By taking our time, we hope that the lessons learned will save taxpayers money.

TREVOR BOUDREAU: I think there's a balancing act there, and I think you're trying to get through it, which is making sure you do the systemic part well, understanding that this is an important thing to recognize both financially and from an environmental standpoint, so I appreciate the thought that goes into it. I encourage you to continue to push forward to the best of your ability. I'm in an area where some sites have been noticed recently, and certainly the residents of Nova Scotia want to make sure that it's done right, but also done in an appropriate time frame.

THE CHAIR: No takers for 30 seconds?

Now we will in fact move on to closing statements from the departments. Deputy Dean, if you'd like to begin.

KELLIANN DEAN: I'd just like to take a moment to thank the committee for the opportunity to be here today. We value the work of the Office of the Auditor General, as well as the Public Accounts Committee members. We really do appreciate your questions.

We'll follow up on the items you've raised and provide the information that you've looked for.

[10:45 a.m.]

THE CHAIR: Deputy Gatien.

KAREN GATIEN: Just a quick thank you very much for your time and for your questions. I hope that we were able to provide you with the information you were looking for.

THE CHAIR: ADM Clarke.

NATASHA CLARKE: Thank you very much for your time today and really appreciate the questions and the opportunity to clarify things for Nova Scotians. It's an important part of the work that we do, so thank you for the opportunity.

THE CHAIR: Thank you and you're all free to go. The committee will now move on to correspondence. We did receive some correspondence from the Department of Labour, Skills and Immigration. It's a request to delay the department's appearance. Members have been provided with the correspondence. I'm just asking how the committee would like to proceed with that. Ms. Leblanc.

SUSAN LEBLANC: I have a few thoughts about this, but I just wanted to get clarification from Legislative Counsel on whether - I understand that we do not need unanimous consent to make this decision, but I just wanted to get the clarification on why that is.

THE CHAIR: Mr. Hebb, perhaps you could provide us with some sage advice.

GORDON HEBB: As I understand, the question is why you don't need unanimous consent?

SUSAN LEBLANC: Yes, that is my question.

GORDON HEBB: The committee has power to respond to new circumstances. There are very few things that require unanimous consent - I'm at a bit of a loss for words here.

SUSAN LEBLANC: I'll just give an example of last week. Last week in the Health Committee, there was a request from one of the witnesses to not appear. Then the committee was polled and we had to have unanimous consent to agree to that change, and unanimous consent was not granted.

GORDON HEBB: When it's not done by the committee in a meeting when you're polling, all those decisions - regardless of what they are - have to be by unanimous consent, because it's not an actual meeting of the committee.

SUSAN LEBLANC: On to the content then. We in the NDP caucus feel like we should move ahead with this meeting. Even though the Department of Labour, Skills and Immigration might not be able to appear because of this police investigation, we think it's really important to still hear representation from the NSGEU and Island Employment and the other witnesses.

I just want to point out that it seems the formal complaint filed with the Cape Breton Regional Police was filed well after the meeting was booked where the witnesses were scheduled to appear. Basically, LSI is asking that we don't have the meeting until the investigation is cleared up, but it seems strange that they would file the report knowing that would happen before getting permission from the committee.

I will point out that at the time of the Westray mine disaster investigation, that was under police investigation while issues around the disaster were debated and the labour debates happening around that took place while there was an active police investigation. I think it is incumbent upon this committee to address the issues ASAP and hear from the other witnesses.

THE CHAIR: Can you repeat your final sentence? I missed it.

SUSAN LEBLANC: Just that I think that we should have a meeting. If LSI needs to not be there because of the police investigation, I think that's fine - I mean, it's not fine, I can deal with that. But I do think we should still have the meeting with the other witnesses that were being called.

THE CHAIR: Mr. Young.

NOLAN YOUNG: I'm just wondering if I could call a five-minute recess.

THE CHAIR: Yes. We will now recess for five minutes.

[10:50 a.m. The committee recessed]

[10:55 a.m. The committee reconvened.]

THE CHAIR: Order. Do we have any other comments that anyone would like to make on this particular issue? Is there a motion that anyone would like to put before the committee?

Ms. Leblanc.

SUSAN LEBLANC: I will move that we continue with the meeting as scheduled.

THE CHAIR: Just for clarification, does that mean that you would like the Department of Labour, Skills and Immigration to appear before the committee?

SUSAN LEBLANC: If possible, and then if there are any questions they can't answer because of the police investigation, then they can just say that at the time, but I think we should invite them to answer questions and see where we get.

THE CHAIR: Mr. MacDonald.

JOHN A. MACDONALD: I'm willing to have the meeting, but they're in the middle of a legal thing, so we're going to have the meeting without them, because they've already said it's illegal, they can't attend? I can't see us telling them, no matter who you are, it doesn't matter if you're in the court, you're going to come here.

I'm okay with coming as long as we're realizing they won't be here. If the motion is to tell them they're still expected to be here, I can't support it. But if it's that we're going to continue having the meeting and realize they're not going to be here if they've deemed they can't come for legal reasons, I can support that.

If it's, we still want you to come, no. They've already told us, it's illegal, they can't be there, and you would know better than me. I'm assuming with legal you can't tell somebody to come here if they're in the middle of the court.

THE CHAIR: Ms. Chender.

CLAUDIA CHENDER: It seems like we have an agreement that we could go ahead with the meeting. The germane question is whether the department is prevented from appearing by dint of being involved in a legal investigation. I would love to hear the Legislative Counsel's thoughts on that.

THE CHAIR: Mr. Hebb.

GORDON HEBB: There's nothing that would prevent legally the department from appearing. The restriction really is - I'll go back to what Joseph Maingot, perhaps the authority on these things would say: it's really up to the common good sense of the committee. Legally, there is nothing that would prevent the committee from requiring someone to be here and answering any question, but the advice always given is that doesn't mean that's what you should do. You should use your common sense and not get into matters that could cause a problem.

CLAUDIA CHENDER: Given that, I guess I would just echo the comments of my colleague, which is to say I think it would be appropriate for the department to appear. The

department has the purview over what questions they answer, so we may end up in a situation where, given their common sense, as Mr. Hebb pointed out, they could say, we can't speak to that, we can't speak to that, but there may be things that they can speak to, and there are other witnesses that we'd like to hear from.

I would say further that we know that especially in times of COVID, but at all times, the wheels of justice grind slowly. If we can't consider this for years because it's tied up in court, I think that's a misread of the powers of this committee, and I think it is in fact a very timely issue with so many people being out of work at this particular moment.

[11:00 a.m.]

I would support the motion that we continue with the meeting and that we call the department - which we do have the power to do - and then the department has their own power to answer whatever they want. If they can't answer, they can't answer, and that's entirely up to them.

THE CHAIR: Mr. Hebb just reminded me, the particular issue that the sub judice convention is if a matter is before the courts, then departments may not wish to come. However, it's not before the court.

Ms. Leblanc has indicated in her motion that she would like to proceed with the meeting. It is our hope that Labour, Skills and Immigration is able to come. Do we need a motion to continue with this? We have a motion on the floor so we need to deal with that particular motion. Ms. Leblanc.

SUSAN LEBLANC: Just a clarifying question. If this is already a planned meeting, then do we need a motion to have the meeting or do we need a motion to not have the meeting?

THE CHAIR: That was my point in that perhaps we do not need a motion.

SUSAN LEBLANC: If we don't need a motion to have a meeting that's planned, then I retract my motion - and I know I need unanimous consent to do that. It's the third time I've done it.

THE CHAIR: If committee members are in favour of allowing Ms. Leblanc to retract her motion, please say Aye. Contrary minded? Thank you.

The motion is carried.

Your motion is retracted. The meeting will go forward as planned.

Also, I would like you to know there has been a change to the deputy minister responsible for the Department of Environment and Climate Change. Lora MacEachern is replacing Scott Farmer as the deputy for the department. Deputy Farmer remains the deputy for the Department of Economic Development.

The committee has approved Scott Farmer, Deputy Minister of the Department of Economic Development and the Department of Environment and Climate Change to appear regarding the Nova Scotia Cap-and-Trade Program. As Lora MacEachern is now the deputy for the Department of Environment and Climate Change, the committee will need to approve Deputy MacEachern as the witness with respect to the Nova Scotia cap-and-trade program. Could I please have a motion to approve Ms. MacEachern as the deputy appearing on behalf of that department? Mr. MacDonald.

JOHN A. MACDONALD: I move that we have the current deputy minister appear.

THE CHAIR: Any further discussion? All those in favour? Contrary minded? Thank you.

The motion is carried.

I would also note that Deputy Farmer wishes to clarify that as the Nova Scotia cap-and-trade program falls under the responsibility of the Department of Environment and Climate Change, there is no need for him to appear as the deputy for the other department at this particular meeting. I'm just putting that out there for the committee. Is the committee in agreement with that? I don't think we need a motion on that.

Our next meeting date is January 12th. It's in camera and our witness is the Office of the Auditor General. It's our orientation session. The meeting will be held in the committee room at One Government Place. Is there any further business?

Seeing no further business, I will now adjourn the meeting.

[The committee adjourned at 11:03 a.m.]