

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, January 25, 2023**

**COMMITTEE ROOM**

**2023 Report of the Auditor General:  
Metropolitan Regional Housing Authority - Examination of Service Contract  
Awards**

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## **Public Accounts Committee**

Hon. Kelly Regan (Chair)  
Nolan Young (Vice-Chair)  
John A. MacDonald  
Melissa Sheehy-Richard  
Tom Taggart  
Kent Smith  
Hon. Brendan Maguire  
Susan Leblanc  
Kendra Coombes

[John A. MacDonald was replaced by Danielle Barkhouse.]  
[Hon. Brendan Maguire was replaced by Lorelei Nicoll.]

### In Attendance:

Kim Leadley  
Legislative Committee Clerk

Gordon Hebb  
Chief Legislative Counsel

Kim Adair,  
Auditor General

### WITNESSES

#### Department of Municipal Affairs and Housing

Paul LaFleche - Deputy Minister  
Vicki Elliott-Lopez - Senior Executive Director of Housing

#### Nova Scotia Provincial Housing Agency

Pamela Menchenton - Executive Director of Client Services  
Brian Ward - Executive Director of Operations  
Gregory Jack - Director of Finance  
Cara Spittal - Acting Director, Corporate Policy & Strategy



House of Assembly  
Nova Scotia

**HALIFAX, WEDNESDAY, JANUARY 25, 2023**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**9:00 A.M.**

**CHAIR**

Hon. Kelly Regan

**VICE CHAIR**

Nolan Young

THE CHAIR: Good morning, everyone. Thank you for joining us here today. I now call the Standing Committee on Public Accounts to order. My name is Kelly Regan. I'm the MLA for Bedford Basin, and I'm the Chair of this committee. I'll remind everyone to place your phones on silent.

Now I'll ask our committee members to introduce themselves. I'll begin with Ms. Coombes, who is participating virtually.

[The committee members introduced themselves.]

THE CHAIR: I would note that officials from the Auditor General's Office, Legislative Counsel Office, Hansard, and Legislative Committees Office are in attendance as well. I do believe that our Conflict of Interest Commissioner is here as well.

On today's agenda we have officials with us from the Department of Municipal Affairs and Housing and the Nova Scotia Provincial Housing Agency with respect to the Auditor General's report regarding the Metropolitan Regional Housing Authority: Examination of Service Contract Awards.

I will ask the witnesses to introduce themselves, and I'll begin on my left. I know that's not the normal, but we've got a cast of thousands here today.

[The witnesses introduced themselves.]

THE CHAIR: I would now invite Deputy Minister LaFleche to make opening remarks.

PAUL LAFLECHE: Good morning, Madam Chair and members of the committee. Thank you for inviting us here today to speak about public housing, the Auditor General's findings, and the improvements we are making to the system.

As you know, my name is Paul LaFleche, and I have the privilege of being the Deputy Minister of Municipal Affairs and Housing, as well as Seniors and Long-Term Care. I'm also the acting interim CEO of the Nova Scotia Provincial Housing Agency, as well as the interim chair of the advisory board as designated by the Act.

Before we begin, let me allow - I don't have to introduce my members, the Chair did it. Great job. I will want to note that Mark Peck, the interim CEO for 11 weeks, will not be here. He's got a little issue he has to deal with. He just drove back from B.C. He was invited but could not make it.

I guess you'll have to make do with me, who has been interim CEO since Monday, and it's been a heavy load. Yesterday, I spent the whole day in the operating room at the Infirmary to get a leg operation, so I might get up and walk around. I also haven't taken any of those pills they told me to take for pain. I figure I'm painful enough. (Laughter) I'm going to just excuse myself from time to time, but we have a great team here who can address all your questions. There's some team members in the back I'm not allowed to introduce.

I want to thank the Office of the Auditor General right off for their reports. I say reports because there were two reports - one in June of 2022 and one just released last week. Both are very important, key reports that really guide us forward. I do want to mention, also, that we've been in constant communication with the Office of the Auditor General well before those reports were finalized - particularly in the first case with the June report - so we had an idea of what was coming down and what moves we needed to make. You saw all that culminate in a new agency, which is now 56 days old, on December 1<sup>st</sup>, which was proclaimed.

This last report was not a complete surprise to us. I had a heads-up sometime in late Summer that there were some issues that came out of the first report which the Auditor General wanted to look at. In discussions with the Auditor General, I made a decision that we would allow her to complete her report, which she completed and presented last week before anything happened, and we can talk about that in the questions to come.

Staff have been working very hard to bring consistency, accountability, and structure to an organization that has not had it for much of its existence, unfortunately. There are various reasons for that. One of the reasons is a significant change in leadership. This is a Housing leadership timeline, and it shows you all the changes that we've had over the years. Many deputy ministers, many ministers - including the Chair of the committee.

I want to start by saying many of these people are my friends. I work with them. Some I still know - they're retired. They did the best they could. All the ministers did the best they could, but frankly, public housing was not a priority for government until recently. It's been a very, very tough go, and I know many of these leaders we've had over the past were extremely frustrated they couldn't get things done, including, probably, the Chair and my colleague deputy minister, some of whom are still deputy ministers in different portfolios.

I've been in a very, very privileged position to have a minister who's totally focused on public housing. I was actually quite surprised. This is his big thing, public housing, and he loves it. He has great ideas on it. He wants to get it done, and he's very pleased to have seen the Affordable Housing Commission report. He's very pleased to have seen the Auditor General's Report in June, and he was extremely pleased to introduce a new bill creating a new corporation so that some of the things that you've seen happen that the Auditor General has reported on do not happen again.

Now, you can never reduce risk to zero. You can only put in place appropriate mechanisms, and that's what we're doing - the staff have been working very hard on that. You might note that these staff here are all different than the staff that existed when I took over some 14 months ago. The chief operating officer is gone. The chief executive officer left. The two executive directors left. The five district directors left. I'm not saying these people left because we chased them out - many of them left for different career opportunities, and some of them retired. But we've renewed the whole staff - that's the point.

We brought in people from different areas of government who I've worked with before in some cases, and in other cases were highly recommended to pinch hit. There are some people who are only here for an interim time. Steve MacIsaac came in and greatly pinch hit to set up the corporation. That was a great service that he did for me, and he's off to other things now.

We have a gentleman in the room who I'm not allowed to introduce who's pinch hitting from Seniors and Long-term Care, where he was executive director and worked for me in several places. He's driving to the Northern District every week to really take care of the directorship of that region, in which we've had a lot of problems - so many problems, in fact, that I've made several visits to one public housing building there. Steve MacIsaac, when he was CEO, made several visits there to deal with things. We even called in favours from the mayor of Cumberland County to make several visits there.

We're pulling out all the stops we can to bring in the right talent to restructure the organization and get it headed in the right direction. It's a new organization - only 56 days old. You'll have to be patient. Things take time in government. The Premier says: Get it done. I heard that last week, and we're going to get it done. But it does take time to do it right.

With that, I'd like to turn it over to questions, Madam Chair. I don't have Mark's speech, unfortunately. I don't know if you were expecting one.

THE CHAIR: No, I wasn't.

PAUL LAFLECHE: I didn't think. I could have brought one for him.

THE CHAIR: The time is now 9:12. We do 20 minutes of questioning per caucus. We will begin with the Liberal caucus and Ms. Nicoll.

LORELEI NICOLL: Good morning and thank you for all being here. Mr. LaFleche, the No. 1 recommendation of the Auditor General was for the department to direct the Housing Authority to adhere to the Housing Authority's conflict of interest policy. In the response to the report, it's mentioned that new conflict of interest policy, processes, and guidelines have been developed.

Can you further discuss this new policy and expand on that, what's in it, and how it will prevent what happened in the past?

PAUL LAFLECHE: I'm going to allow Ms. Menchenton to do that. I'm going to hand it out.

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: We do in fact have a new conflict of interest policy. This is the one the deputy minister just handed out.

Involved with the policy is a mandated requirement for all staff to read and understand the policy. We are also providing training to staff to help them understand what a conflict of interest is, real or perceived. With that as well, we've introduced new standards and processes and systems that are in place that are consistent from one end of the province to the other.

One of the issues was that we did always have a policy in place, but it may not have been applied consistently. So we put some of those features in place for the new policy.

[9:15 a.m.]

LORELEI NICOLL: In that vein, you're saying that you found some flaws that existed in the past policy. I just wanted you to expand on that. But in the vein of consistency, there were once five housing authorities, but recently that changed to the 56-day-old Crown corporation in charge of housing. Does this mean that this new policy applies equally across the province?

PAMELA MENCHENTON: That's the goal with all of the policies and a lot of the work that we'd like to do going forward now that we're brought under one roof. We have an opportunity to layer one set of standards, one policy, one approach to everybody.

Before they operated very much in silos, very much independently. Even though we had a policy that governed everybody, the interpretation of that policy may have been different in every area, and adherence to that policy, the checks and balances around that policy may not have been in place. That's something we're trying to now remedy with this new policy that we have.

LORELEI NICOLL: Can you discuss the significance of security services specifically to public housing and what a security service contract entails?

PAMELA MENCHENTON: We retain security services - you're asking me what they would do? Much of it is around tenant issues. Sometimes tenants will ask us to add additional security, cameras, and things like this, around our properties. There could be a variety of issues as to why we would have security in place. It's really about monitoring tenant concerns.

LORELEI NICOLL: I know the Auditor General - through her and her office's thorough work - uncovered these conflict of interest issues at one of the previous five housing authorities. Will the department conduct an audit at the remaining four regional housing authorities - Cape Breton Island, Cobequid, Eastern Mainland and Western Regional - to ensure the process for awarding contracts follows the appropriate conflict of interest policies and procurement?

PAMELA MENCHENTON: We've already engaged an internal auditor and we already have discussions under way about how we're going to approach that work. We want to do a deep dive into our operations and find out where there are opportunities to improve our services, to improve our operations, and where there may be gaps we need to address. That process is already under way. We're taking this very seriously.

LORELEI NICOLL: I read from your response that the gaps can be anywhere in the province and you will address them in that regard, when it comes to conflicts.

The training of staff to make sure they're aware of the conflict of interest policy - under that same vein to avoid this happening again in the future - seems like it would be a good step forward to take. Of course, there's always a risk of bad actors, and training has proven to be a preventive tool in conflict of interest issues. What conflict of interest training is currently offered, and does the department plan to change conflict of interest training requirements for staff?

PAMELA MENCHENTON: Our human resources department is rolling out that training across the province. They'll be visiting each district office to talk to employees about how to recognize a conflict of interest, what their responsibilities are under our new policy, and what examples might look like a conflict of interest in the context of the work that we do. That's the type of training that we'll be rolling out.

I don't have a copy of the training, but I can certainly talk to our HR department and get you copies of what that could look like.

LORELEI NICOLL: One thing I found concerning in the Auditor General's Report was that the Housing Authority's conflict of interest policy doesn't require a conflict of interest declaration and to be documented. Has this been corrected, now that the new policy is in place?

PAMELA MENCHENTON: It has. There are mandated forms that our employees have to fill out and submit to us for filing with our HR department. Those forms will require them to disclose conflict of interest, and we're revisiting that annually to ensure that we're keeping up to date on anything that changes within our employees' context.

LORELEI NICOLL: Again to the Auditor General's Report, it notes that there was a failure to address the real, apparent, and perceived conflicts of interest, and how that undermines the public's confidence in regional housing. What is the plan to restore that public confidence?

PAMELA MENCHENTON: I'm concerned about that too. That's something we're working on, with respect to trying to be more transparent of the work that we're doing. We're building a new website because we do have a new organization.

Right away I can tell you that our new appeals process is on our website, and we intend to build that with a little bit more transparency. For our tenants, for example, we're hoping to have some information on our website eventually with some of the tech changes that we're making that will allow them to see where they are on the wait-list, their rent, all kinds of pieces of information that they ask us for all the time. We're trying to be more transparent in all that we're doing.



With respect to conflict of interest, we're tightening up, we're trying to close some gaps, we're trying to really reduce, minimize the opportunity for anyone to work outside of the policies that we have in place.

LORELEI NICOLL: One of the issues that led to this conflict was that bidders were not required to declare conflicts of interest. Has the department corrected and addressed this in its tendering process?

PAMELA MENCHENTON: We have. We've added language now to our tenders that requires our bidders to disclose whether they do have a conflict in context of the tender.

LORELEI NICOLL: One of the observations by the Auditor General was that the director of the Metropolitan Regional Housing Authority was receiving government subsidies related to personally-owned properties. What is the policy surrounding this, and have any changes taken place?

PAMELA MENCHENTON: We are requiring our employees to disclose whether or not that's the case. Not every employee who has a rental property is in conflict necessarily, so we will be looking at every case on individual basis.

I will go further to say that we've asked advice from the Conflict of Interest Commissioner on whether or not going forward that needs to be something we need to consider as far as disallowing that in the future.

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: I'd ask Ms. Elliott-Lopez to talk about the timeline when rental subsidies came in and what they were like and how they were used and what system we've moved forward to apart from the public housing corporation. There are rental subsidies out there that are portable and go everywhere, so maybe you want to hear a little bit about that, because that's also an issue.

THE CHAIR: Ms. Nicoll, would you like to hear about that? It's up to you.

LORELEI NICOLL: I believe it's in essence in response to the question that I asked, so yes I would.

THE CHAIR: Ms. Elliott-Lopez.

VICKI ELLIOTT-LOPEZ: Pre-2017, rent supplements were completely non-portable. What that means is they were tied to the landlord. Cheques would run directly from government to the landlord and they would then screen individuals coming in.

We don't offer any new non-portable rent supplements, and in fact, we have a few legacy ones left. Those are declining year over year. Starting in 2020, the only rent supplements we now offer are portable, and those are offered through the department. The new public housing agency no longer oversees the rent supplement program. That's all overseen through the department, and they're all portable, which means they're attached to the individual and they get to choose where they want to live.

LORELEI NICOLL: That's good oversight. When it comes to, like you mentioned, the website and being accountable, will the audits be made public?

PAMELA MENCHENTON: On the website? Well, I would anticipate that they would. We're still building it. It's still evolving. We still need to figure out the things that we want to put on there. It's brand new, so that's to come.

LORELEI NICOLL: The accountability is the big piece. To the point that I made earlier about building the public confidence, in the most recent House sitting in the Fall, the government passed legalisation for the amalgamation of five regional housing authorities into one Crown corporation that's 56 days old.

Can you discuss the transition and organizational structure of this new organization? Everyone knows that when a reorganization happens, it causes delays in some things, so I just want to know more about how that's going to get up and running.

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: We have an org chart, which Ms. Leadley can pass out. (Laughter) These are not props. We also have another one that you might pass out called Public Housing Assets which shows you where all the assets are and where the districts are. What you will really love is that you can phone the director of your district for issues.

THE CHAIR: Mr. LaFleche, if there are any more handouts, maybe we can just get them all out there because each time, it sort of takes up some questioning time.

PAUL LAFLECHE: Oh, okay. Sorry about that. I'll pass them out while you guys are going, okay? The rest are more informational.

THE CHAIR: Okay. Ms. Nicoll.

LORELEI NICOLL: You mentioned how many districts there are - again, I'm trying to get an understanding of the governance, and of the reason for creating the Crown corporation, and how it's going to be more efficient. You're saying we'll have a direct line to the districts, but when it comes to the public confidence, I don't think people really realize how much - and if you're going to be growing public housing, what that means. How many districts are you referring to with this map?

PAMELA MENCHENTON: We have four districts. We previously had five; Eastern and Cobequid have now become Northern. The reason that we did it that way is to try to balance out the number of public housing units in each of the districts. It was a little uneven before, so we're trying to bring some standardization to that, recognizing that every district is of course different. Obviously, the most people in public housing are in Metro, followed closely by Cape Breton, and then Western, and then the Northern region.

Why did we make the government changes? First of all, it was a recommendation from the Auditor General, as well as the previous Housing Commission, to restructure and to bring a new governance model to public housing, which we've done. We've also made, as the deputy minister alluded to earlier, some significant leadership changes in order to just have a different go-forward than we've had. We felt that changing the leadership was really important to do that. Bryan and I are among those leadership changes, as well as a number of others. We have different district directors in each of those regions than were there before.

I'll just start by saying that we have over 17,000 tenants. If we were a municipality, we would be the third-largest in the province, so that's a lot of folks to take care of and to property-manage the units. We have over 11,220 units across Nova Scotia, so it's a significant challenge. It was being dealt with in five different ways, so that meant that a tenant in Yarmouth may have been treated differently than a tenant in Cape Breton.

We wanted to bring some uniformity and some consistency to the approaches that we were taking with respect to servicing our clients. That was the number one goal in recreating a governance model. We have a new board structure. We have a staff committee now where we dissolved the previous Housing Authority boards. We now have a staff committee that reviews appeals. I may ask Ms. Spittal in a moment to speak to that and describe what that looks like.

As the deputy minister mentioned - who is the interim board chair for us as well - we also have a different governance model in place. Does that answer your question?

THE CHAIR: Ms. Nicoll, would you like to hear about the governance now?

LORELEI NICOLL: We can go to Ms. Spittal to explain, but what I'm trying to get at with the question - with the housing commission, as you brought it up, the recommendation was to create an arms-length, independent entity. Is the Crown corporation their response to that recommendation and why?

PAMELA MENCHENTON: Why did we create a new governance model or Crown corporation? Well, we were guided by the direction from government, certainly, and again from the Auditor General's Office, who made the same recommendation as the Housing Commission. Having reviewed all of our programs and services, they came to the conclusion that this was the way forward for public housing.

[9:30 a.m.]

The deputy minister had mentioned earlier as well that it's bounced around a little bit with different departments and different governance. We had 20 recommendations for changes in June. We're taking that very seriously. That in fact is going to be forming the backbone of our business plan and our strategic plan going forward in trying to address some of those Auditor General changes, and we felt that we needed a new governance model in place.

Again, it's new leadership, a new way of doing things to bring some uniformity to all of the services that we're providing across the province. We're already seeing some early results.

LORELEI NICOLL: The new housing corporation oversees public housing, including the public housing wait-lists which, in September, grew to 6,596 applicants, including 2,443 families. You mention how now there are 11,200 units across the province. Do we know what is needed? What more public housing is needed?

PAMELA MENCHENTON: Sorry, I didn't hear the very last bit. I apologize.

LORELEI NICOLL: You know the data, and you've said how many units you have across the province in public housing. Do we know how many more are needed? To the deputy minister's comments, he said that now with public housing, the minister is very supportive of it. Do we know how many more units are needed?

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: That's sort of a compound question. We have two ways to take care of people whose income does not allow them to afford what is the average market rent. One way is public housing and the other way is rental subsidies, which Ms. Elliott-Lopez spoke about.

Right now the breakdown is about two-thirds and one-third. Two-thirds of our clients are dealt with through public housing and one-third with rental subsidies. Now, that was a lot lower ratio three years ago, two years ago, even one year ago, because we've moved up the number of rental subsidies significantly. It's now up to 6,300. That's because you can't build new units quickly, nor does the private sector build quickly. There aren't units out there that you can just find empty to put people in.

We've had to give rental subsidies so that people who might be in units or have a unit but can't afford it because the rent is too high for that unit for what their income is - and you know there's a national guideline of 30 per cent - not our guideline. It's a national one, and we just use it for convenience right now. One can argue whether it should be 28 per cent or 32 per cent . . .

THE CHAIR: Order. The time for the Liberal questioning has elapsed. We'll now move on to the NDP questioning. Ms. Leblanc.

SUSAN LEBLANC: Thank you very much, Madam Chair, and thanks to everyone for being here.

I just want to pick up on this - I have a lot of questions, but I want to pick up on a couple of things around the subsidies versus public housing just to begin. Mr. LaFleche, a yes or no answer, really quick. Do you agree with me that there is a fundamental difference between subsidies and a public housing unit?

PAUL LAFLECHE: Yes. They're a different tool.

SUSAN LEBLANC: I just need the one answer. Just give one word.

PAUL LAFLECHE: A different tool for different things.

SUSAN LEBLANC: Great. I want to clarify something that Ms. Elliott-Lopez said. Did you say that all of the subsidies now are portable, or are there some that are grandparented in as ones that are tied to units?

THE CHAIR: Ms. Elliott-Lopez.

VICKI ELLIOTT-LOPEZ: Yes. All new subsidies are portable, but we do have grandparented non-portable as well.

SUSAN LEBLANC: Thank you. Just for the record, I want to mention my view of the policy difference between those two types of government help, I suppose, for residents. In one way, we have publicly owned and publicly funded with public money units - i.e., the Province is the landlord - and then we have ones where we are using public money in the private sector. There's a big difference there. I hope that if Minister Lohr is so excited about public housing, that he wants to go toward public money in public infrastructure. That's all I want to say about that.

I'll turn to the Auditor General's Report. I recognize that most of you - or maybe all of you - were not in the department at the time, but one would hope that you prepared for this meeting and these questions. In terms of the conflict of interest that the report focuses on, I guess I'll direct this to Deputy Minister LaFleche. Why wasn't the conflict addressed, and is there any thought as to why the people in the department think that the conflict was not disclosed to the Conflict of Interest Commissioner or to the Auditor General at the time?

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: The conflict of interest was addressed. We have a new policy in place now. We have new language in our tenders. I'm not sure I understand.

SUSAN LEBLANC: I mean at the time. We know that the Auditor General did an audit on the department and all the housing authorities, and then from that audit, there came this second subsidiary audit. The conflicting situation was around for quite a while. I'm talking about when it was actually happening. Was there no one aware of the conflict? Was there no one able to speak out about the conflict? Why wasn't it addressed at the time? Why did it wait until there was a complaint to the Auditor General?

PAMELA MENCHENTON: We became aware that they were looking into something in the Summer, as the deputy minister mentioned. We didn't know exactly what they were looking into or what their conclusions were. We did act as soon as we became aware of the issue and the results of the Auditor General's final report - and had begun to act prior to that by looking at our policies and what we needed to do to fill in gaps that were existing. The director was, as part of restructuring in October, moved out of the organization.

SUSAN LEBLANC: Just to clarify then, our understanding is that the Auditor General received a complaint that prompted the investigation. Was there ever a complaint that was received within the department - an internal complaint from an employee to the executive director, any kind of evidence of that happening? If so, who received the complaint?

PAMELA MENCHENTON: Really, what I can speak to is how we're moving forward. Again, we put in place a brand new policy with new expectations, new standards, new commitments from staff where we require staff to sign that they've read and understand the new policy that's in place. We have training that's moving forward, and we will be revisiting this every year.

SUSAN LEBLANC: I'm going to assume that you can't speak to why the conflict wasn't reported to the Conflict of Interest Commissioner, but I will put that on the table. Also, I know the org chart suggests this, but I'd just like to clarify who the deputy minister was at the time and if they were aware of the conflict.

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: You'd have to go to the timeline that I handed out earlier. When did this start? The first incident cited by the Auditor General. Not learned of, the first Auditor General incident cited that was a potential or an "appears." If we go back to 2019, we can see who the different CEOs and deputy ministers are. There are associate deputies in there too, by the way. They would be the people who were there at the time.

I know the Auditor General doesn't speak today, but she did speak last week. She would be better placed to say who might have said what to whom. Maybe you want to talk, Ms. Menchenton, about where we refer to this Auditor General report, what we're doing with it, and why we're not talking a lot about this.

THE CHAIR: Ms. Leblanc has indicated she's fine and would like to proceed.

SUSAN LEBLANC: Will the department commit to reporting all future conflict disclosures to the Conflict of Interest Commissioner?

PAMELA MENCHENTON: Yes.

SUSAN LEBLANC: Who in the policy or in the department will be responsible for that contact, picking up the phone and calling the Conflict of Interest Commissioner? Will it be the deputy minister, or will it be someone in the housing agency?

PAMELA MENCHENTON: Brian Ward and I are executive directors, equally client services and operations, and we'll take responsibility for ensuring that these get reported.

SUSAN LEBLANC: Is there something in place where not only would you be contacting the Conflict of Interest Commissioner, but also your deputy minister and the minister?

PAMELA MENCHENTON: Oh, yes, of course. Our deputy minister right now is our interim board chair. In both capacities, we would make sure that he was aware of any conflicts of interest within the organization, and then disclose that to the Conflict of Interest Commissioner as appropriate.

I also wanted to just mention one other thing. We've also referred this latest report to the Department of Justice for some advice on next steps with respect to whether or not it moves forward to police, and we're waiting for that advice.

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: This is just general process in government. When we become aware either at my level or the executive director level - if someone discloses a conflict or we get a third party report of it, we go to the person who disclosed it, and we have a talk with them about what it is. Usually, if it's an obvious thing that should be referred to the Conflict of Interest Commissioner, it will be.

On the other hand, if someone complains about someone else - if we do an interview and find out it's more of in-house chatter, we're not going to refer everything to the Conflict of Interest Commissioner. I just see poor Mr. Justice Kennedy there - he doesn't want to

get overloaded with a lot of noise. I do refer things regularly in both departments, and I have in every department.

I've been to see the Conflict of Interest Commissioner when there's anything - for instance, we have some situations in Housing, obviously, where we give rental subsidies. What if any of the staff are landlords? Now, there's no more non-portable ones, but there are portable ones. Is that an issue? If someone with a portable subsidy moves in with one of our staff members, and if the staff happens to be a clerical person who's in the Municipal Affairs side, that's very different from someone who's working for Ms. Elliot-Lopez, who runs that branch.

All of that is taken into account, and if they're serious enough, we say we want to see a reference to Justice Kennedy. I had one recently . . .

THE CHAIR: Mr. LaFleche, Ms. Leblanc has . . .

PAUL LAFLECHE: Oh, sorry, I'm chewing up the question. It's too much theory.

THE CHAIR: Yes, Ms. Leblanc has indicated that she is fine with your answer, so we will move on.

SUSAN LEBLANC: Thank you. Interestingly enough, this was one of my questions. Does the department right now know how many employees are currently landlords in receipt of public funds?

PAMELA MENCHENTON: They're filling out those forms now, disclosing their conflict of interests. We'll know once we are in receipt of the forms that are coming back to us. Every employee is mandated to fill in that form and understand and have read the policy, and we're going out with training as well to help them understand what some examples of that could look like. We'll know after we get that material back, and we can make a decision about whether or not it is indeed a conflict of interest as far as the work that they're doing.

SUSAN LEBLANC: Are there still contracts in place with the company that was involved with this conflict?

PAMELA MENCHENTON: Yes, there are. We had an option with the individual company, Fivestar Bailiff & Civil Enforcement Services, to renew for a year, and we did in November before the result of the AG Report, but, as the AG commented, they said that there wasn't an issue with the company. Based on performance, we did renew a contract for a year.



[9:45 a.m.]

SUSAN LEBLANC: How much are the contracts worth, and for what amount of time? I'm assuming now it's just a year from November, but how much is the contract worth?

PAMELA MENCHENTON: It's \$996,000.

SUSAN LEBLANC: Leaving that for a minute, one of the stated rationales of the reorganization of Housing into the Housing Agency was to be able to standardize policies around the province, including policies around overhousing. This is a big issue in my constituency, and very concerning for many residents. Can you explain what work is under way on the overhousing policy? How many people have been moved to date, and how does the process work, or how will it be working for people?

PAMELA MENCHENTON: We're rolling out the policy in a consistent way across the province. I may ask my colleague Ms. Spittal to speak further to this policy development. Again, it's an inconsistent process. We're hoping to have it rolled out by the end of this month, actually, to everywhere. The idea, of course, is that we right-size our units to accommodate more families on our wait-list. We want to shift people out of homes that they've outgrown, let's say, where perhaps their children have moved on and they're now living in a house that has three rooms instead of one.

To do that shift, of course, we have to wait for a unit to become available. We've organized ourselves a little bit. We're trying to minimize impact to those who are on the wait-list already. For every third unit that comes up, we'll consider that as an overhousing option and then have conversations with the tenant. They have a couple of options to refuse, and then we would work with them to try to shift them into a new unit.

If you don't mind, I'll ask Ms. Spittal to speak to the policy development.

THE CHAIR: Ms. Spittal.

CARA SPITTAL: Thank you for the question. Currently the Nova Scotia Provincial Housing Agency has an overhousing policy as part of our lease administration policies. They do address overhousing, but as Ms. Menchenton said, it's not done consistently across the districts currently.

Our first job was to standardize that approach and standardize communications to ensure that everybody, regardless of where they live, receives the same type of notification and the same opportunities to work with staff to find a unit and match them up with a unit in their area that meets their current housing needs.

We have support staff in place across the province called community relations officers, and they're heavily involved in this process. They'll be working to ensure that people have connections within their communities if they need support to offload some of their furniture if they're in a larger unit and they want to move to a smaller one. We have training and orientation for all staff involved, all the way up to the directors and down to the frontline staff to ensure, again, fair treatment and an administratively fair process as per the Auditor General's report.

We will be starting with the most severe cases of overhousing. It's not something you can do overnight. We can only work as fast as the number of vacancies that we have in our units. At the same time, we also have to address the wait-lists, because of course that's also significant. We know that. We have to balance the need to reduce the wait-lists with the need to address overhousing. We also have a process in place through our new client-asset management software to ensure that that's fair, so that there's a ratio of how units are offered.

SUSAN LEBLANC: In the reorganization of the agency and of the department, at this point, are there plans for new public housing builds?

THE CHAIR: Deputy Minister LaFleche, we just have had a request from Hansard - if you, oddly enough, could speak a little louder or closer to your microphone. (Laughter) I will just note that we have some percussion accompaniment, so it would be helpful if all committee members and all witnesses could just speak up a little bit, because it is a little noisy in here.

PAUL LAFLECHE: I've been actually watching Ms. Leblanc - her questions are almost to the beat of the percussion in the background. She's a musical talent.

There's a great question - what's the go-forward? You notice we don't have a CEO. We have an interim CEO. There's a reason for that. Many people have phoned me and said: I want to be the CEO. When is it coming? We did hire the Build Nova Scotia CEO a couple of weeks ago, you saw.

We don't have a CEO because we want to find out from government, from Cabinet, about where we're going. Are we building a lot more new units? Are we partnering, as envisioned in the Affordable Housing Commission report, in the type of Toronto or Vancouver-style P3/public developments? Like you have Regent Park, et cetera. There's one. YWCA in Toronto, et cetera. Are we doing those? Or are we going to sort of sell off our units? What are we going to do? Are we just going to keep them as they are and maintain them?

There's a big spectrum there of things you could do. I heard earlier from Ms. Leblanc. She would like one side of that spectrum. I get that.

SUSAN LEBLANC: I didn't say that.

PAUL LAFLECHE: You pretty well did. That's great, you want one side, but you know what? We can actually offer the government the choice of testing several sides of that spectrum, because Nova Scotia is different from Toronto, Halifax is different from Vancouver, et cetera. We'd like to see what will work in our culture for our people, in our geographic circumstance, in our weather zone, et cetera, what will work.

Ms. Elliott-Lopez and Ms. Spittal and a couple of others are putting together a plan to present to Cabinet where we will show and say, you want to try this, see how it goes, see if it will work? They'll be given an option, maybe in one place. We probably need some new public housing. The minister is very taken by the issue of accessibility. We're struggling to achieve the accessibility targets through renovations. You can renovate an old unit, but fundamentally, the structure doesn't take the renovations well. It's taking way too long. The doorways, the washrooms - it's just not good. It's very expensive, it's very slow, and it's blocking units from getting online and on stream.

We probably have to look to buildings that are accessible in a new way. All new buildings are accessible, but the ones we have can't be. That points to some component of probably new buildings we'll recommend - don't know if it will get approved. We'll recommend some sort of partnerships where we have a lot of land and things can be done with the private sector in dense urban areas. We have low-rise units and we could go with a big-city model.

We may even recommend that some units are just not runnable by us - they're in a very rural area, there's very little interest from residents to move into them, et cetera.

THE CHAIR: Order. The time for NDP questioning has elapsed. We will now go to the Progressive Conservative Party caucus. Mr. Young.

NOLAN YOUNG: I'm glad to see that the new Nova Scotia Provincial Housing Agency that was formed by our government has added conflict of interest language and disclosure requirements in all public tenders. However, I think it's concerning that for too long this was not the case. Why did we not see this change earlier under previous governments?

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: I don't know that I can speak to that. I'm new to the organization, so once it was brought to our attention, and there was an issue raised by the Auditor General, that's when we looked at the language that we did have in place. Was the policy good enough? Did it address the gaps? We found that it didn't, so that's why we have a new policy in place.

THE CHAIR: Mr. LaFleche.

PAUL LEFLECHE: I was going to say it surprised me when I found out about this, because I've had several Crown corporations before and I've always insisted they follow all government tendering. In fact, they've always been mad at me because I insist they follow government HR and communications and everything else.

This one was a bit of an oddity in the way it was set up, in the way it was governed. It was probably not a great governance structure. I think many of the people who were the leaders in the timeline struggled with that. They were run almost as five different authorities or fiefdoms.

Most people thought, as I did when I came, that the boards of the authorities hired and fired the directors, that they did all the HR, the budgeting. They did none of that. They didn't really run the corporations, but people assumed they did, which meant the directors ran them. There was probably a lack of governance and understanding of all of that over the years, and if I went and asked many of these people who were involved before, they probably didn't know the extent to which these were run.

When I came to the Nova Scotia Community College in 1994, we had a lot of principals of campuses, and I became a principal of two campuses. At one of the campuses I was very surprised to see the principal was like a local czar and didn't really report to Halifax. In fact, they cut the phone line and put on today's version of Call Blocker if Halifax dialled. I found housing to be something like that, but in 2020 it was kind of weird.

We're beyond all that now. We've got a new corporation with a new Act, so we're looking forward. I think that's the important thing. Yes, there were a lot of problems over the years. Why wasn't it dealt with? It wasn't on government's radar. Housing wasn't a big issue until recently, so it wasn't on the radar stream, and the department was moved around. It was in giant departments like Community Services at one time. It was with Municipal Affairs.

These departments had different issues in different lives, and the leaders of those departments could probably speak better than I could as to why not a lot was done. It was a federal thing we inherited, so that always coloured the image of it. I don't know if that answers your question. It's more of a wimpy cultural answer.

NOLAN YOUNG: I appreciate your insight on that, for sure. I wonder if you could expand on what the new agency is doing to change its approach to the disclosure of conflicts of interest?

PAMELA MENCHENTON: In addition to the policy, we've added language to our tenders to ensure that our bidders also will disclose whether they have a conflict of interest, given the context that they're in. The other thing that we've also done is, we're looking at

scoring to assess capacity and capability of the bidders that we have, and longer-term. The one recommendation that still is outstanding that we hope to have by June is a new procurement policy for the agency.

NOLAN YOUNG: I have one more question: How are you ensuring consistent implementation and monitoring of the conflict of interest policy across the province within the Nova Scotia Provincial Housing Agency?

PAMELA MENCHENTON: Again, we have now distributed the policy to all of our employees. We're compelling them to demonstrate that they have read and understood the policy. We're providing some training and there will be a regular check-in. We have to determine the date that we're going to check in with folks, but it will be an annual check-in to make sure that nothing has changed in their circumstance, that they indeed update whether or not they have a new conflict of interest because their lives have changed, or what have you.

It's really just about staying on top of that. We're filing all of the conflict of interest declarations from our employees with our human resources department, so we do have evidence or we do have something on file that notes that they have declared their conflict of interest, and, again, we will be revisiting that annually.

NOLAN YOUNG: I'll pass it to my colleague, MLA Taggart.

THE CHAIR: Mr. Taggart.

TOM TAGGART: The Auditor General's Report notes that there was no formal evaluation of the tenants' services program piloted for three months in Spring of 2020. However, management indicated it was a success based on feedback from property managers. Is feedback from property managers alone enough to determine if a project is successful? If not, what objectives or key performance indicators should have been used and will be used in future?

PAMELA MENCHENTON: I don't feel like the assessment was appropriate. I agree with you, and that's something we need to change going forward as well. There was a pilot program in place that, as you pointed out, as the Auditor General pointed out, just really didn't have the rigour around measurement and oversight, and that's something we will definitely be changing going forward.

TOM TAGGART: A little bit on the same theme: The Auditor General's Report noted that one of the companies identified scored highest on many schedules of work. However, management felt that the company was not able to even deliver on some of these schedules where they scored the highest. Can you explain how this disconnect is possible? Can we be confident that a new scoring system will correctly determine what companies should receive contracts?

[10:00 a.m.]

PAMELA MENCHENTON: That's a gap that we are trying to address in addressing some of the recommendations provided to us by the Auditor General. Now we've added scoring that will look at capacity as well as capability of any vendor that's bidding on our projects. That wasn't there before, so that's one thing that we have changed going forward.

TOM TAGGART: It's probably inappropriate - you probably can't answer this. Do we know why they were refused? Was it legitimate, I guess, or was it used as a tool to hire their preferred bidder?

PAMELA MENCHENTON: I'll have to refer you back to the Auditor General's Report and how they assessed that and how they talked about it. I can only really speak to what we're doing to change things in the days ahead. Again, we have now remedied that situation, I hope, by putting in some language and scoring differently to document whether or not somebody has the capacity and capability to do the work that they've been given. The documentation is key.

TOM TAGGART: I'm going to pass it on to my colleague Ms. Sheehy-Richard.

THE CHAIR: Ms. Sheehy-Richard.

MELISSA SHEEHY-RICHARD: I'm finding this all so intriguing - so much information. I'm so happy that changes are being made, because it was difficult when we first got in office, and I can already see some of the changes now that are making a world of difference.

Regarding the original AG Report in 2022 on the oversight management of government-owned public housing, can you talk about whether or not the department's on track to meet the timelines that you've set out?

PAUL LAFLECHE: The June 2022 report is what you're talking about. We actually passed you a handout that shows where we are. Initially, when we had the meeting with you after the Auditor General submitted that report, you got from us what we were going to do. Now you have an update to today of where we are. We can go through each item if you want. It would take a while. I've got in trouble for that before, so we won't do that. You can go through each item.

But if you have specific items you want to look at and ask us about, we're good, either here or later.

MELISSA SHEEHY-RICHARD: So I guess that's a yes - you are on track, and I can go home and do some light reading. No problem.

How will creating the Crown corporation for public housing make a difference in terms of efficiency for public housing systems, as well as experience of the current tenants and the current applicants - the difference it might make in their lives as well?

THE CHAIR: Ms. Spittal.

CARA SPITTAL: Bringing all of the housing authorities under one roof in one agency will increase efficiency, because of course we can centralize policies. We have a central policy function now, and I'm acting director of the policy shop. We have finance and anything else that we need to do, we bring it. We work with the staff and with our directors in the field to ensure that we're meeting their needs.

Operational policy is kind of neat, because it's all about collaboration. While we're making sure that there's standard practice across the board, we're working with our frontline staff, who know our clients best and can serve them best. We can work together to understand the client side. We understand the staff side. We make administrative efficiencies. We engage tenants.

Then we take all of that information and we make our policy improvements, not only addressing what the Auditor General noted in her 2022 report but also addressing what was suggested but not necessarily marked as something we needed to change. So basically, as our deputy minister said, we're changing it all. We're reviewing it all against best practices across the country and outside the country. We want to be the best, and that's what we're trying to achieve, slowly but surely.

MELISSA SHEEHY-RICHARD: It's probably in here, but I am going to ask on the record. If it's possible, can you give me the progress that's been made on the vacancy rate for the current public housing? I know that when I first came in, there was an insane number of units that were just sitting vacant. Can you speak a little bit about the progress that's been made with those?

PAMELA MENCHENTON: We're putting different practices in place to try to accelerate our unit turnaround so that we can move people off our wait-list and into our units much sooner. Right now, we have - I won't call it a pilot, because I think it's something that we're actually just going to spread across the province and all of our districts. In Cape Breton they've introduced a new unit-turnaround supervisor. It's a concentrated effort on this. I think it's our number one thing that we need to do, to get people off our wait-lists and into our units as quickly as we can.

They're already seeing some early success, to the point where we'd like to layer this across every district in the province. Right now, we have a standard for ourselves, which is a 60-day turnaround, and we're not meeting it all the time. We're looking at our standards as well as, again, looking at opportunities and strategies to try to turn around those units much more quickly.

I can tell you that we are working very hard on this one. It's everybody's top priority right now in public housing.

MELISSA SHEEHY-RICHARD: That's really good to hear. There's nothing worse than seeing public housing units vacant when there's such a wait-list. That's exciting. I think that a unit-turnaround supervisor is exactly what everybody needs.

How will changing your leadership team make a difference on how the organization is run? What are some of the benefits of having a Nova Scotia Provincial Housing Agency? I know that you mentioned a few things, but can you talk a little bit more about why you think that this housing agency is the best path forward?

PAMELA MENCHENTON: We're just collaborating. I know that sounds like not exactly a new idea, but if you could appreciate that before, we had five different entities operating in five different ways, they didn't talk to each other, so this is a brand new day for us. We're bringing people together. Everybody is just so fired up about wanting these changes for our clients. We're talking a lot more. We have a lot more meetings where we're just trying to collaborate on different solutions and innovations around how we can make all of this better.

It's really just in sharing with each other. Our policy development is a huge part of that: setting new standards, new expectations, and applying them consistently across the province so we don't have different treatment from one end of the province to the other. That's essentially the nutshell of it. We're working towards having some of those policies in place. We have over 90 that we have to review and to shape and to modernize in some cases, so there's a lot of work ahead.

You had talked earlier about our progress on the report from June 2022. We're 25 per cent complete. We are in fact on track to meet the targets that we set for ourselves and that we submitted to the Auditor General.

MELISSA SHEEHY-RICHARD: Now that you gave me that nice number of 25 per cent, can you predict roughly how quickly we're going to reach 75, 100 per cent?

PAMELA MENCHENTON: We do have a timeline. You can see it online as part of our response to the Auditor General's Report from June. We have until 2025 to meet some. Some are going to take longer than others. We have some tech upgrades that we need to make. Those traditionally take a little longer.

We also have some policy development. We're developing a policy framework for all of our policies. We're doing an operational review. We have strategic planning that we plan to do. There are a number of big-ticket items that will take a little bit longer, but all of it we're hoping to have finished by our target of 2025.



MELISSA SHEEY-RICHARD: Wonderful. Everyone always says consistency is key, so consistency in these agencies and the Housing Authority being one is going to be great. I'm going to hand it off to MLA Smith.

THE CHAIR: Mr. Smith.

KENT SMITH: In following up on some of the recent line of questioning, it seems to me this is a really good case study on how to respond to a problem within an organization. Last week in camera with the AG, we learned a lot about issues that were with housing in particular with this conflict of interest issue, and how it evolved and the timeline and all those things. Today it seems like we're learning about all of the actions that have been taken in response to that to make sure that doesn't happen in the future.

I'm curious about how the culture has within the organization changed over the course of these changes in this report and the report from the Summer. Deputy Minister LaFleche, perhaps you can take the lead on it.

PAUL LAFLECHE: Culture is very important. I don't want to cast any aspersions on any previous managers or leaders, but when you change the leadership, and we've changed everybody from director up, you change the culture. What we tried to do is bring in culture from different organizations that are known for having a good culture. That's only the management level. That's where you've got to start, because those are your leaders. We've done that.

The new district directors are all brought in. They've all got experience in doing these types of things. They've got this unique experience. I'll touch back to MLA Sheehy-Richard's question. They've got experience in Crown corporations and in the core of government, and some in the private sector.

That's important, because in a Crown corporation, the reason you have one is to have more flexibility to do stuff, but you still have to have all the safeguards of government, but they can't be as totally restrictive. Otherwise you get things done at a different speed than you would in government. We know what that's like. Plus you have to deal with individual clients and you have to react quickly. You can't go to Cabinet for every little decision. You need that flexibility, but you need that governance structure. We brought in people who are used to working in those environments and the different environments with different skills and different backgrounds.

Now the question is: Will the people we've brought into the corporation from all the different five housing authorities be able to adjust to the culture? Well, that's our leadership that has to imbue that culture in them and get them on board. To some extent, the success of the organization is going to be us turning that around.

I was there when the Community College did this and became one out of 15 campuses, one organization. As you know, in any change, some people take the lifeboat and go elsewhere because they're not going to make it in the new culture, or they've got not that much time left. Others love the new culture and are great contributors. We're going to have a combination of everything out there, and we'll do our best to make it work.

I don't have a better answer than that. This is how we've done it before. We did it with AgraPoint, which became Perennia. We did it with Nova Scotia Lands. It's going to be done now with Build Nova Scotia and Invest Nova Scotia. These are the things we've done before, and we kind of know how to do them. Sometimes they take longer, sometimes they take shorter, but I think we're on track to doing that here.

THE CHAIR: Mr. Smith, you have just under one minute.

KENT SMITH: I'd love to hear from Ms. Menchenton or Ms. Elliott-Lopez on the same question on the culture - what you folks have observed, maybe a little closer to the employees than the deputy minister might be.

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: For me, it's about engaging our staff in the world that we want to be in. We all have high expectations about what this is all going to look like going forward, and we expect that people will embrace those high expectations and meet those standards that we're setting.

It does come down to setting expectations, having measurements in place and accountabilities where we're checking in. Things that hadn't happened regularly in the past, even performance management, that kind of thing - we want to bring some rigour back to all of that. As we move forward over the coming year or coming years, there's a lot of structure that we're putting in place, and expectations.

But culture's really important. We want people to be excited about the changes that are happening . . .

THE CHAIR: Order. Time has elapsed for the PC questioning. Sorry, I should have explained to you beforehand that when time elapses, I just call order and we move on. Apologies to everyone. I usually do that before we start a committee.

We will now move on to Liberal questioning. Once again, each caucus will have eight minutes. Ms. Nicoll.

LORELEI NICOLL: Thank you, Madam Chair. You do it very kindly.

Thank you for all the questions that have been asked thus far. I know we hear very often, and it's nice to be with a company that realizes that we are in a housing crisis. When it comes to public housing, how will we address the ever-evident obvious pressure by the homeless people who are in our province? How will public housing look at addressing that? We hear a lot of announcements made toward affordability and money being put aside for that.

Other provinces in Atlantic Canada are doing it. We know there are commitments and agreements with certain developers for affordable housing. I'm trying to find in this restructuring who is responsible for being accountable for the money that's already been allocated and for how it's going to address homelessness and the affordability for seniors.

THE CHAIR: Deputy Minister LaFleche.

PAUL LAFLECHE: That's a complex question. Deputy Minister Tracey Taweel and myself are responsible at the administrative level. Obviously our ministers are responsible for policy. She's the lead on homelessness, but we're the provisioner of the physical structure, if you will.

She has the great job, because a lot of the clients who are homeless need wraparound supports. They need a lot of different things than just a building to house them. She's in charge of all those other things. She takes the lead. We help her by providing the physical structure in many different ways.

Ms. Elliott-Lopez, do you want to talk about some of the ways we do that and what we've done recently?

THE CHAIR: Ms. Elliott-Lopez.

VICKI ELLIOTT-LOPEZ: One of our flagship programs that we introduced this year is the Community Housing Acquisition Program. We've actually supported a number of the DCS organizations to purchase facilities or rooming houses, small buildings to renovate and turn into rooming houses or into supportive care facilities. We've supported a number of organizations in that way.

We also just recently announced \$2 million in modular housing, so we're working closely with the Department of Community Services to find the places most in need of those modular units to enable additional shelters for those who are at risk of homelessness or are homeless.

There's one other way I would mention as well. We've actually just recently announced - and I believe Deputy Minister Taweel spoke to this recently - that we're changing our rent supplement program for those on income assistance to allow more

funding to flow to those individuals. Again, we're serving those at risk of homelessness through rent supplements.

[10:15 a.m.]

LORELEI NICOLL: In reading the progress update, there has been constant restructuring and change, and in your response - I thank you for that - those things were already being done continually. But the immediate pressure that we see right now with the hundreds of people that are homeless - I'm not seeing an immediate reaction to that as to how you're going to address it in your response. Because I know you're the capital and you will be the build, and Community Services does their wraparound services, how much money is being allocated to actually build public housing - new buildings?

PAUL LAFLECHE: As I articulated earlier, we are bringing a plan forward to government, and they will then decide. In terms of homelessness, you may have seen HRM just got \$11 million from the federal government. CBRM, I think, got \$5 million or \$6 million, and that's for the Rapid Housing Initiative. A lot of that is being done, and that's what's building the homelessness placements that you see now, the physical infrastructure, as well as the places that Vicki Elliot-Lopez just mentioned earlier.

There's a lot of work going on. Things are tight in the construction industry, and when you haven't built housing two years ago - someone made a decision not to build two years ago - well, then, today, two years later, we don't have anything. That's a big part of our problem, so we're starting today.

LORELEI NIVOLL: On that point, I have a quick question. Since the federal money is the \$11 million, is the Province required to match that \$11 million?

PAUL LAFLECHE: No, we're not required to match. Do you want to speak to that?

VICKI ELLIOT-LOPEZ: Yes, we're not required to cost-match, but we do contribute. On the last couple of rounds between us and the Department of Community Services, for example, we contributed about \$16 million which will support ongoing operations. The federal government contributes toward capital.

LORELEI NICOLL: On the governance side, this has been ongoing, I believe. You said it's been going on for the past three years, and you've been looking at that, so it's nice to be here and hearing the progress that's been made and where you're going. Did you mention that there is a CAO to be announced for the new Crown corporation, and where is that?

PAUL LAFLECHE: No, I mentioned it. I'm the interim CEO. Mark Peck was until he got his new job on Monday. He was for 11 weeks, and I'm the interim CEO. The

corporation just started, really, on December 1<sup>st</sup>. We will be looking for a new CEO within the next six months.

LORELEI NICOLL: He wears many hats, so he must have them all on speed dial. When it comes to going forward, you mentioned the auditor's results for the remaining four public housing authorities will be made public. I just wondered if there was one way to provide oversight to this committee by coming and providing those audit results on a continual basis in the future.

PAMELA MENCHENTON: We can certainly explore that. I don't know what that would look like, but we could certainly explore that.

LORELEI NICOLL: It's a new day and a new way of doing things, so to the point of growing public confidence, I think any audit and committee that I've been on, those things that are audits that are regularly done are provided to the public servants that actually produce that information and are asked for that to be accountable.

PAUL LAFLECHE: I just want to clear up any confusion. Those audits, because we've had the audit of the Auditor General - an earlier question was asked whether there could be anything else out there, beyond conflict of interest. Conflict of interest is only one issue we might want to audit. There are also other things that could have happened in a nefarious way over the years, so we asked Internal Audit to go and investigate.

Internal Audit is internal to government. That's why you're getting a little hesitation there, because if Internal Audit finds stuff, then we will bring it to the Auditor General, and that would naturally come to you. If they don't find anything, there won't be anything to report.

THE CHAIR: Order, the time for Liberal questioning has elapsed. Now we move on to the NDP and Ms. Coombes.

KENDRA COOMBES: I just want to do some clarifying here. When just doing a brief scan of this policy, it says: "staff may inform the Conflict of Interest Commissioner." I'm wondering if that is indeed the language, and also why does it not say "shall"?

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: I believe the deputy minister spoke to this earlier as well - it depends on the circumstance. Not every person owning a rental property is necessarily in conflict, so we'd have to look at it on a case-by-case basis and whether or not to escalate it to the Conflict of Interest Commissioner.

There is a dependency, I think, on what is actually disclosed as the conflict and whether or not that should be elevated to the Conflict of Interest Commissioner. That's the

language “may,” so it’s really a decision at the department level to determine whether or not someone should escalate beyond.

KENDRA COOMBES: I do think that can get very hairy - people making those decisions rather than having the Conflict of Interest Commissioner himself make that determination. There is a difference: “may” means you can, and “shall” means it’s a must, it is imperative. Just so I’m clear, in that part that you just mentioned where something’s been brought to your attention and you’re weighing it, is that in the policy?

My other question on that: Isn’t that the Conflict of Interest Commissioner’s job, to determine whether something is actually a conflict of interest or not? Not staff, not somebody else, but an individual whose job is to determine and give an actual decision on what is indeed a conflict of interest and what’s not.

THE CHAIR: Deputy Minister LaFleche.

PAUL LAFLECHE: You’re probably addressing the question at the wrong people. I know the Conflict of Interest Commissioner cannot talk, but they should really talk to the scope of their work. We recommend anything we think is pertinent to the Conflict of Interest Commissioner, and we will continue to do so.

KENDRA COOMBES: I would also suggest that your office, as well as everyone else, talk to the commissioner about what his job is and what types of things that you’re coming across that should actually come across his desk to determine whether it’s a conflict of interest. This is why we’re here: this whole issue of people avoiding the policies, and proper oversight either not happening or was not within policy.

I’m just going to move on from that. I want to talk about housing itself. I’ve noticed in my office that people are spending a longer time on the priority access list before they’re placed in housing. Can you tell us what the average wait time is for priority?

THE CHAIR: Ms. Menchenton.

PAMELA MENCHENTON: The average wait time, I believe, is 140 days. I might look to Ms. Spittal to confirm that.

THE CHAIR: Ms. Spittal.

CARA SPITTAL: We have different wait times. On our wait-lists, the average wait time depends on the regional housing authority. The average wait time in Nova Scotia is 2.32 years, and the average wait time for priority access is around one and a half years.

KENDRA COOMBES: Thank you. You actually answered two of my questions in that answer.

Has anything gone down since the reorganizing? I know it's only early, but I'm just wondering if we've seen any changes as of yet.

PAMELA MENCHENTON: We have. We've improved our application turnaround time. It's gone down 75 per cent from where it was. We've also reduced our backlog from 34 per cent to 3.3 per cent, so that's a success.

We are working right now on unit turnaround and slowly reducing the amount of time that our units are offline. Again, I alluded to this earlier. That's a huge priority for us. That's one of the biggest things we can affect in order to move people off our wait-lists. That's something that we are concentrating on.

The other things that we've done in a positive way and that we're seeing some movement on are around our tenant engagement. We have focus groups right now going on across the province to talk to our tenants about how they want to be communicated with, what their primary issues are, and what their priorities are for us so that we can build some processes and systems around that. We have 14 or 15 groups, with more to come.

THE CHAIR: Ms. Coombes, you have just over one minute.

KENDRA COOMBES: Thank you. I was about to ask you that.

I just want to finish up here and say I'm still trying to figure out how we got here. To me, when it comes to procurement, when it comes to finances, all of that should have been at the deputy minister and ministerial levels, including the finance. I know that the AG has recommended that as an approach.

I hope we don't ever see these types of issues again, and I hope we tighten up our conflict of interest policy. Again, I do think that we need to look at that wording of "may" and "shall" and maybe talk to the Conflict of Interest Commissioner about that language and what he would recommend for that policy.

THE CHAIR: Mr. LaFleche.

PAUL LAFLECHE: Hopefully Deputy Minister Thomas is watching and she will take note of the comments and talk to the Conflict of Interest Commissioner about those points.

THE CHAIR: Order. The time for NDP questioning has elapsed. We will now move on to the PC caucus. Mr. Smith.

KENT SMITH: Great discussion. I'm pretty confident in the actions that have been taken as a result of the AG's Report, that we're in good hands moving forward and we have a good plan moving forward to make sure that this doesn't happen again.

I have a couple of questions on supply. We know that supply is really at the crux of the housing crisis. In the last year we had record numbers of new Nova Scotians. We need to figure out a way to build more houses faster - more units faster. I'm wondering, Deputy Minister LaFleche, if you can speak a little bit to what we're doing to speed up the design, the planning, the approvals, the regulatory process. Give us an idea of what's happening to make more houses faster.

PAUL LAFLECHE: Great question, thank you. As you know, we've brought in the Halifax planning task force - sometimes called the panel - just over a year ago. We've just made some changes there. We got a very incompetent person off the panel and replaced him with a very competent person, and as well put another person on who's going to be the executive director in charge of implementing the Deloitte report, which was a big report that the panel did to look at HRM's practices and came up with many recommendations that HRM agreed with. We're jointly going together to implement that.

That panel is an important component of speeding up housing. They've approved nine special planning areas. More to come. We work very closely, at least Vicki and I did, with Jeff Garber, one of the employees there, with the companies that have the special planning areas to make sure that all roadblocks are removed. Roadblocks sometimes are provincial or federal. They're not all HRM. You've got to remove roadblocks - they happen every month and we're removing them. We're trying to get housing built quickly.

Supply is the problem. We have the Turner Drake study out there now. We just had a recent little briefing from them. They're hitting the same numbers of lack of supply in HRM as you've heard, around 20,000. We have an annual gap too, so push push push. Every city in North America is doing this now. It's uncomfortable, and I get that it's uncomfortable for a lot of people who live in neighbourhoods where things are going now higher-rise.

I've been out on the Eastern Shore recently and had a couple of visits there - Councillor Hendsbee - very good guy. I'm probably not allowed to say that. I was out with him, and he related how he got voted down in council on a particular move to make things go faster, and we support him in going faster. So Eastern Shore - okay, I'm good? (Laughter)

KENT SMITH: I've got two more questions. Another piece to the supply issue is making sure that the existing residences that we have are maintained and stay in good order so that they can continue to be used. Mr. LaFleche, you and I have spoken about this numerous times in conjunction with the little survey that we did on the Eastern Shore with some of the vacant derelict - this one goes a bit further.

This is the Rental Residential Rehabilitation Assistance Program. I'm wondering if someone can talk about the future of that and how many units we expect to be impacted as



we move forward. I think there was additional funding in the Fall of last year that was added for that program.

[10:30 a.m.]

THE CHAIR: Ms. Elliott-Lopez.

VICKI ELLIOTT-LOPEZ: Our Rental RRAP program is very popular with landlords across the province, and we actually did add \$2.5 million to that program. We expect a few hundred units to be maintained with that. In addition to that, when we think about existing stock, we also have our community program, which we just added \$12.5 million to. That's going to help this out. You probably heard the announcement that \$7.5 million was provided to the Nova Scotia Housing Trust to repair half of the units that they recently acquired. They acquired about 300 units. That's going to help them maintain the affordability by us providing that funding.

Then we have our home repair programs, and that's a significant program as well. We just recently added \$5.3 million to that program. That's going to help us increase the number of households assisted from 1,800 to 2,300 this fiscal year. Our best supply is our existing stock, so we want to do our best to maintain that existing stock. We're doing that through several ways.

THE CHAIR: Deputy Minister LaFleche.

PAUL LAFLECHE: The government just promised a lot of money before Christmas for heat pump upgrades to people on lower incomes. That's very key and potent.

KENT SMITH: My final question is going to discuss a little bit about the Down Payment Assistance Program. It isn't as conventional as you would think in increasing and helping the supply, but if folks otherwise can't get a down payment to build or get a construction mortgage, there's a chance that this could help them, which would add supply. I'm wondering, Ms. Elliott-Lopez, if you could talk a little bit about the Down Payment Assistance Program and how that's being used to be helpful.

VICKI ELLIOTT-LOPEZ: Again, we made changes twice this fiscal year to our Down Payment Assistance Program in response to a lot of the feedback that we heard through correspondence, as well as through our realtor partners.

The first significant change that we made was we increased the threshold. I'm going to refer to HRM and East and West Hants, because that's where we're seeing the biggest need right now and that's the one top of mind. It's a \$140,000 household rate and \$500,000. When we think about that, initially it was under \$300,000 for the purchase of a home, and now we've increased that to \$500,000 so that we're helping more Nova Scotians access their first home.

We provide a five per cent interest rate toward the purchase of a first home. In addition to that, we also revised our definition of first-time homebuyer. That was significant as well, because we were hearing a lot from individuals from various communities and through various constituencies that single moms - a great example, divorced, didn't have access to funding for a down payment, but really wanted to buy a home for herself and her children.

Now, our first-time home buyer definition has changed to accommodate that. If you're separated or divorced, then you have access to the 5 per cent interest rate down payment as well. We're really excited about those changes. We know we're going to help many more people this fiscal year due to that.

KENT SMITH: I'll just say a thank you on behalf of the committee for joining us today. Again, it was a really, really good, interesting case study on a problem that was identified, analysis done on what we can do to make it so it doesn't occur in the future, and I'm confident that the leadership we have in place will change the culture and make sure that these issues don't arise again.

THE CHAIR: The time has elapsed for questioning. Deputy Minister LaFleche, do you have any closing remarks you want to make?

PAUL LAFLECHE: Yes, I'll just be quick, and I'm going to relate them to public housing in general, not today's specific topic. The government is very focused on this. It's a priority, and I fully admit my predecessors and ministerial predecessors didn't benefit from a government that was focused on housing. That's why a lot of these things have happened, but going forward, we've got to make a lot of moves with this new corporation, and in housing in general - the programs that Ms. Elliot-Lopez runs for general housing to advance builds in Nova Scotia.

MLA Smith correctly brought up the issue of supply. Supply and demand is very much out of balance right now. We've got to go rapidly, and in doing that, we can't go all private at one end of the spectrum, or go all public at the other end. We've got to try different things in different areas at different times. Whatever we can do, whatever works, we've got to go quickly.

We're going to step on toes, we're going to make people uncomfortable in some areas, and that's just going to happen. Change is always difficult. This province is changing rapidly due to population growth, and it's the type of population - it's new immigrants from different places who are coming in all across the province, in the rural areas and the urban areas, and we're changing rapidly.

That's difficult for a lot of people. We will make mistakes, and we will do things some people don't like, but the government is firm on getting things done and making Nova

Scotia successful. A great part of that success is having the housing that Nova Scotians need.

THE CHAIR: Thank you, Deputy Minister LaFleche. Now, the committee will move on to committee business. Our witnesses, I'd like to thank you for coming in today. Deputy Minister LaFleche, please go walk that knee off. (Interruption) Yes, you made it through. Thank you so much.

Because we have a large volume of persons in the room, I'm just going to suggest a two-minute recess until 10:40 a.m.

[10:38 a.m. The committee recessed.]

[10:40 a.m. The committee resumed.]

THE CHAIR: I now call the meeting back to order. I will note for the record that two email polls were conducted in advance of today's meeting. One was to proceed with the meeting in the absence of Deputy Minister LaFleche, if that were required, which was not agreed to. The other was to allow the Hon. Brendan Maguire to participate virtually, which was also not agreed to. Just for the record.

I have to roll through some committee decisions. From January 18, 2023: The committee agreed to deal with committee business at last week's in camera meeting as decisions needed to be made for today's meeting. As the decisions were made in camera, I have to ask for the committee's agreement to make these decisions part of the public record.

Is it agreed?

It is agreed.

The first motion was that Mark Peck be added to the witness list, and if Mr. Peck can't make it, that we would postpone the meeting until Mr. Peck could make it. That was moved by MLA Maguire, and was defeated.

There was a motion that in addition to the witnesses who are proposed by Deputy Minister LaFleche, that we add Mark Peck and that he have a virtual option in the event he's unable to attend. We had a discussion as a committee about moving forward. That was moved by MLA Smith, and the motion was carried.

A further motion was to meet with the Conflict of Interest Commissioner virtually about this topic in advance in preparation for what turned out to be this week's meeting. That was moved by MLA Leblanc, and the motion was carried - and we did, in fact, meet with the Conflict of Interest Commissioner.

We also have a motion from Mr. Maguire that was put forward at the December 14<sup>th</sup> meeting which has been left on the floor, and he has asked that that be dealt with when he's here, and he's not able to be here today, so we will, with the agreement of the committee, do that at a future time. Ms. Leblanc.

SUSAN LEBLANC: I have a comment that's not about Mr. Maguire.

THE CHAIR: There's one more thing, and then we will absolutely go to your comment.

SUSAN LEBLANC: Yes, I apologize.

THE CHAIR: The next item is virtual participation by the Auditor General regarding pre-hearing briefings. The AG and her staff may not be able to attend some of the upcoming pre-hearing briefings in person, and the AG would like for herself and her staff to be able to participate virtually when they are unable to appear in person, and the committee would need to agree with that.

I'm just opening the floor for any discussion, if there's any discussion. I'm seeing a lot of nods that people are okay with this. I'm not sure that we need a motion for that, because they're in camera meetings, so it's just that she pre-briefs us before all of her reports. Ms. Nicoll.

LORELEI NICOLL: I just wondered why the Auditor General wants to do it virtually.

THE CHAIR: The Auditor General is here. My understanding is she's not able to attend. Would the Auditor General like to speak?

KIM ADAIR: Just to clarify, it's for the extra meetings, not the briefings related to our reports. For example, next week, there's an in camera briefing scheduled before the Farm and Fish Loan Boards appear. I'm scheduled to be in Toronto; there's a meeting of the auditors general which was set up months ago. What I would propose is, I will have staff here present, but I will be virtual to do the in camera discussion.

LORELEI NICOLL: So to clarify, it's just for this one particular meeting while you're in Toronto that you want to appear virtually?

KIM ADAIR: There's one more in camera meeting scheduled in March that I will be away for.

THE CHAIR: I think we all agree that this virtual participation is fine. I don't think we need a motion. Very well.

[10:45 a.m.]

We do have some correspondence from the Department of Health and Wellness, Nova Scotia Health Authority - follow-up info from the November 23<sup>rd</sup> meeting. From the Department of Labour, Skills and Immigration, information requested from the November 30<sup>th</sup> meeting. From the Nova Scotia Health Authority, follow-up information requested from the October 5<sup>th</sup> meeting. Finally, information from Department of Finance and Treasury Board that was sent out to us.

Is there any further discussion from this correspondence? Okay. Ms. Leblanc.

SUSAN LEBLANC: First of all, I didn't get a chance to follow up in my questioning time with Deputy Minister LaFleche, but I just want to state for the record that I did misspeak when I spoke at the beginning of my time. I do think that public funds going into not-for-profit housing is a very good use of public money. I don't believe in the full spectrum - I do believe in the spectrum of housing. I want to get that on the record.

That being said, there was much discussion about Mark Peck being at the meeting, and then today we found out that he couldn't be at the meeting. I feel like some of the questions that I asked were not able to be answered. I even pointed out that when Ms. Menchenton was answering that she wasn't in her position at the time.

Therefore, I would like to ask you as Chair to take the questions that I have that would have been for Mark Peck and ask him in writing to respond to the committee. Basically taking questions from the committee - it doesn't have to just be my questions - and ask him to respond back to the committee in a letter. Can he do that?

THE CHAIR: Has it come up before? I think, if it's the will of the committee, that we can absolutely do that. Certainly, we did make clear that we wanted Mr. Peck to be here and that we wanted him to be here to answer questions. He wasn't able to be here. I think we dealt with that. I'm just thinking back here that we could have delayed this meeting if in fact we thought he should be here. I think people really wanted to go forward and see if they could be answered anyway. We certainly had a cast of thousands here.

The committee has previously indicated their desire to hear from Mr. Peck, so MLA Leblanc has proposed that we could write him a letter with those questions in it, and then we would be able to get his answers to those. That seems reasonable to me. We didn't postpone the meeting, but we will in fact hear from Mr. Peck.

Mr. Taggart.

TOM TAGGART: I think I kind of agree with that in this one instance because it was a last-minute thing. I have to tell you, we have a system here where everybody gets equal time, everybody gets asked an equal amount of questions and that sort of thing. We're

going to set a precedent here. I can just envision the next one. It will be a whole list of questions. If we're going to do that, I think we have to have it tied down pretty tight. Those are my thoughts.

THE CHAIR: Mr. Smith.

KENT SMITH: I'd just like to make sure that we can all have a look at the questions before they get sent to Mr. Peck and that they're relevant to the topic at hand.

THE CHAIR: I think they would be questions that Ms. Leblanc had asked and didn't feel were answered. I think we'll have to work with MLA Leblanc just to make sure I'm not assuming. I know which ones you didn't feel got answered properly or anything like that. Ms. Leblanc.

SUSAN LEBLANC: Again, I just want to be clear that this is not just about my questions, but I feel that there were questions that weren't able to be answered today. I hope they would have been able to have been answered by Mr. Peck.

I hear what you're saying, Mr. Taggart, but I believe - and I'd love to hear Mr. Hebb's thought on this - that the Chair does have the purview to follow up with witnesses to get answers that weren't collected. I think we did that with Ms. Oldfield at one point. This feels like a really good use of this committee, in fact, so that we're making sure we're getting all of the answers.

THE CHAIR: Perhaps before I send the letter out I'll just circulate it so that people can see it to ensure that I'm accurately reflecting the questions that didn't get answered.

I have Mr. Young and then Ms. Barkhouse.

NOLAN YOUNG: Just thinking on MLA Taggart's point about setting precedents - we have a certain amount of time here with witnesses. I'm not comfortable that we're going to now, if witnesses can't be available, now we have more time to send questions off. I'm just not really comfortable in setting a new precedent and changing with this.

THE CHAIR: Ms. Barkhouse.

DANIELLE BARKHOUSE: Can I just call for a two-minute recess so we can discuss this?

THE CHAIR: Certainly. It's not a motion. I have done this before. I have gone back to witnesses. I have gone back to witnesses who have been unable to answer questions. Certainly Mr. Peck was unable to answer our questions today.

Ms. Coombes.

KENDRA COOMBES: I understand the concern, but to me, this is based on questions. When we ask questions here, the whole idea of Public Accounts Committee is for all of us to get the answers from those who appear before us. If we do not receive adequate answers to those questions, I truly believe that our job is to go back and get those answers to those questions. I know I want to hear the answers to them, and our constituents want to hear those answers. All Nova Scotians want to hear those answers and have those answers available to them.

I don't see this as any precedent-setting or going outside of what this committee is supposed to do. I see this as part of the job, and that is to continuously hold departments and ourselves accountable to the people of Nova Scotia. This is one of the avenues we have. Mark Peck couldn't show up, but everybody else did. He has the answers that we're seeking.

I'm sure you yourselves have questions, as well as the Liberals have questions that weren't answered. I just think that this is the actual part of our job: making sure that everyone in every department is held accountable by the Public Accounts Committee. I just want to put that out there.

THE CHAIR: The PC caucus has requested a two-minute recess. Thank you very much. We'll give them two minutes and then we'll just finish up our meeting. Okay? Until 10:56.

[10:54 a.m. The committee recessed.]

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

THE CHAIR: The committee is now back in session. We'll just do what we've done in the past, which is I will craft that letter in consultation, I think, with Ms. Leblanc, because I don't know which ones you didn't feel - there were some ones where I think you expressed it, but I want to make sure I get that accurately. We can certainly get that done up. This is not creating precedent, because we have done it before. Mr. Young.

NOLAN YOUNG: I think in the past, when we would try to get additional information, what we would do is send a letter to the department. As Mr. Peck's no longer with the department right now, if we're looking for clarity on your questions, the letter should go to the department.

THE CHAIR: Thank you for that. Ms. Leblanc.

SUSAN LEBLANC: Sorry, I have my hand up for another topic.

THE CHAIR: Okay, well I do believe the last time I wrote a letter, it was to an individual, so I'll take that under advisement. Ms. Leblanc.

SUSAN LEBLANC: I love all of this information that was presented to us, but I would have loved it in advance. I'm wondering, when we're inviting witnesses to committee, if we can ask for any kind of handouts that they're going to be giving in advance.

THE CHAIR: I was thinking the same thing. All of this is great information, but it would have been really helpful to have last week or any time. I recognize that they're probably still working on things, but it would be very helpful. Also, when there are multiple handouts being handed around the room, it wastes time and you can't actually ask any questions about them because you're in the middle of it. I don't know what that says.

SUSAN LEBLANC: We do.

THE CHAIR: Perhaps it could be provided to the Legislative Library which, in fact, prepares the research packages - if they're ready in advance. Perhaps, then, we will ask the clerk that if they are going to have any handouts, that they be provided to the committee in advance.

With that, the next meeting is February 1, 2023, in camera. The witness will be the Auditor General, and it's a pre-hearing briefing with the Nova Scotia Fisheries and Aquaculture Loan Board and the Nova Scotia Farm Loan Board on the most recent annual report, financial statements, and business plan. Mr. Taggart.

TOM TAGGART: I think I misunderstood the original intent there. The questions that you may send to whoever, they're the questions that you asked previously. They're not new questions, am I right?

THE CHAIR: That's right.

TOM TAGGART: Thank you very much.

THE CHAIR: All right, thank you very much, Mr. Taggart. Is there any further business?

I now adjourn the meeting.

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