

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, February 8, 2023

COMMITTEE ROOM

**Nova Scotia Fisheries and Aquaculture Loan Board and Nova Scotia Farm Loan Board:
Most Recent Annual Report, Financial Statements and Business Plan**

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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

In Attendance:

Kim Langille
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

Kim Adair,
Auditor General

WITNESSES

Department of Agriculture

Loretta Robichaud - Deputy Minister
Jennifer Thompson - Executive Director, Agriculture Risk Management and Lending

Department of Fisheries and Aquaculture

April Howe - Deputy Minister
Geordie MacLachlan - Executive Director of Marine
Lesley Latham - Executive Director of Policy
Bruce Hancock - Executive Director of Aquaculture

Nova Scotia Farm Loan Board

Brennan Goreham - CEO
Danny Phinney - Chair
Andrew Vermeulen - Vice Chair
Nicholas Bell - Risk Manager

Nova Scotia Fisheries and Aquaculture Loan Board

Brennan Goreham - CEO
Robert Verge - Acting Chair
Nicholas Bell - Risk Manager



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, FEBRUARY 8, 2023

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIR

Hon. Kelly Regan

VICE CHAIR

Nolan Young

THE CHAIR: Order. 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 Chair of this committee. I want to welcome our cast of thousands to the committee this morning.

This is just a reminder here to place your phones on silent. I'm going to ask the committee members to introduce themselves, beginning to my immediate left. Mr. Young.

[The committee members introduced themselves.]

THE CHAIR: I would note that we have officials from the Auditor General's Office, Legislative Counsel Office, Hansard, and Legislative Committees Office in attendance as well.

On today's agenda, we have officials with us from the Department of Agriculture, Department of Fisheries and Aquaculture, the Nova Scotia Farm Loan Board, and the Nova Scotia Fisheries and Aquaculture Loan Board, with respect to Nova Scotia Farm Loan Board and Nova Scotia Fisheries and Aquaculture Loan Board's most recent annual reports, financial statements, and business plans.

I'm going to ask the witnesses to introduce themselves. I think we will start off with the folks who are sitting at the table here with us, and then I will ask other people whose names I have but who are not at the table just to stand so we know who they are, because you may at some point be asked to answer a question. Just so we understand who's who here in the room. I will start with the deputy ministers.

[The witnesses introduced themselves.]

THE CHAIR: We'll now ask witnesses to make opening remarks. We'll begin with Deputy Minister Robichaud.

LORETTA ROBICHAUD: I'm pleased to be here to speak on behalf of the Department of Agriculture and to the important work of our Crown lending agencies.

With me today is Jen Thompson, Executive Director of Agricultural Risk Management and Lending, where she oversees the work of the Nova Scotia Farm Loan Board, the Nova Scotia Fisheries and Aquaculture Loan Board, and the Nova Scotia Timber Loan Board. Jen's team has both the experience and the expertise to administer the programs government offers through the Crown lending agencies. They work closely with industry; with the volunteer members of each loan board, including Danny Phinney, Bob Verge, and Andy Vermeulen; with the department staff; and with colleagues across government - Deputy Minister Howe and her team, among others - to ensure that the loan boards are meeting industry's needs today and setting them up for success long-term.

It's that long-term success that I want to touch on briefly here this morning. I will focus my remarks on agriculture, an industry I have worked in for more than 34 years.

Our job at the department is to support and grow agriculture and agri-food in Nova Scotia. We do that primarily in three ways: through the many programs and services we deliver to the industry; by helping connect food and beverage producers with more customers at home, through buy local initiatives, and around the world through our export and market development work; and through financing and credit counselling through the Farm Loan Board to support our producers when they need it.

That's the "what." The "why" is just as important: to strengthen our economy, to support our rural communities, and to help increase the supply of food we produce in the province in a way that supports food security, climate change, and importantly, public trust. The Farm Loan Board is a key part of this.

The last few years have really reinforced the importance of having a local lender for our agricultural sector - one that really understands the unique needs of this sector in this province. The Farm Loan Board is exactly this kind of lender because it is led by industry

professionals who live and work right here in Nova Scotia. The Farm Loan Board is not a fair-weather lender, but a true partner who's there to support industry in good times and bad.

That's exactly what we've done. We've come to the table with more financing for more clients than at any other point in the Farm Loan Board's 104-year history. Today, we have \$220 million invested in more than 400 clients representing every county in Nova Scotia.

Perhaps the most impressive part is that our high investments have come with record low arrears. Across all three Crown Lending Agencies, our arrears rate is less than 3 per cent, which demonstrates how the boards work with clients to ensure that they are successful.

Flexibility is key to that success for both the lender and the borrower. This is especially true in farming, where revenue ebbs and flows with the seasons. Take apples, for instance. Producers tend their orchards all year long, but the fruit can only be harvested once - late Summer, early Fall. The Farm Loan Board's orchard-specific lending programs factor this in, allowing producers to defer payments until their orchard is generating revenue. This helps free up cash, which in turn has helped both the apple and grape industries plant new varieties. That Honeycrisp in your fridge right now is one of the new varieties our producers grow, thanks in part to the loan board's flexible financing arrangements.

Thank you for your time, Madam Chair. I look forward to answering the committee's questions.

THE CHAIR: Thank you. Deputy Minister Howe.

APRIL HOWE: Thank you so much, Madam Chair, and good morning to all the members. First of all, I'd like to thank you all for the opportunity to speak about Nova Scotia's seafood sector and the important work of the Fisheries and Aquaculture Loan Board. I'm joined this morning by Geordie MacLachlan, the Executive Director of Fisheries at the Department of Fisheries and Aquaculture.

As Deputy Minister Robichaud said, oversight for the administration of the Fisheries and Aquaculture Loan Board is with the Department of Agriculture. While I don't have an inside view of the day-to-day operations of the board, as Deputy Minister of Fisheries and Aquaculture, I do have a very clear view of the breadth and scope of Nova Scotia's seafood sector. I have a deep appreciation for the Fisheries and Aquaculture Loan Board and the critical role that they play in this province.

Nova Scotians have been making a living in this sector for many generations. I suspect that many of you have family connections to the seafood sector. It is a resource-

based traditional industry. But make no mistake - seafood is big business. The sector's value has grown year over year, driven in large part by the demand for our seafood from markets outside the province and outside the country. We exported \$2.5 billion worth of seafood in 2021. That is a 21 per cent higher increase than just five years ago, and a 160 per cent increase over 15 years ago.

The revenue that our seafood sector generates pays for our roads, pays our teachers, and helps deliver health care to the province - a timely comment, I would suggest - and it wouldn't be possible without the more than 16,000 Nova Scotians who work in the sector, many of them in our rural communities along our coastline. In some of those communities, as much as 35 per cent of the working people are working in the seafood sector.

This industry is very important, and we need to ensure that this industry stays strong so that we can remain Nova Scotia strong, and that's where the Fisheries and Aquaculture Loan Board comes in. The board works especially with the financing it provides to new entrants and helps shore up future for our industry. No other lender does this the way the Fisheries and Aquaculture Loan Board does. We offers unique financing to support new entrants in a way that makes them different than other lenders. The board's financing helps them buy a license or get a boat. It helps them stay in their communities.

Today, the board has more invested in the sector than at any point in its very long history, as Deputy Minister Robichaud illustrated. One of the strengths of our loan board has been its connection to our industry - its members come from industry. The operational team works with clients to understand their needs and work with their challenges. The board's work has been and continues to be a critical growth of the fisheries and aquaculture sector.

Again, I would like to thank you for your time, and I look forward to the committee's questions.

THE CHAIR: Thank you, Deputy Minister Howe. Mr. Goreham.

BRENNAN GOREHAM: Thank you, and good morning. First off, I'd also like to thank the committee for the invitation to appear before you today and speak to the important work of our loan boards in supporting the economy and communities across Nova Scotia. As the Director of Crown Lending, I serve as the CEO and Corporate Secretary for both the Nova Scotia Farm Loan Board and the Nova Scotia Fisheries and Aquaculture Loan Board.

I am very pleased to be joined today by our Board Chair on the Farm Loan Board side, Mr. Danny Phinney; our Acting Chair for the Fisheries and Aquaculture Loan Board, Mr. Bob Verge; and our Vice Chair for the Farm Loan Board, Mr. Andy Vermeulen. I am also pleased to be joined by Mr. Nick Bell, our Risk Manager for both boards. Nick, who

holds a CPA designation, and I are both part of the Crown lending team at the Department of Agriculture where the administrative and operational work of both boards is carried out.

[9:15 a.m.]

Both boards operate as Crown corporations established via their respective legislation with a mandate to support their industries through the provision of capital financing. Also, the Farm Loan Board fulfills the function of the Timber Loan Board, which is established under the Forests Act.

As both Deputy Minister Robichaud and Deputy Minister Howe mentioned, both boards had record lending in recent years, and I'd like to break those numbers down a bit for you; they are quite impressive. At the end of March 2022, the year end for our last annual report, the Fisheries and Aquaculture Loan Board had a total of \$263.8 million invested across Nova Scotia supporting 724 clients holding 986 loans. In 2021-22 alone, we approved 210 new loans totaling \$70.1 million, and about one-third of those were for new entrants, a point of extreme pride for the Fisheries and Aquaculture Loan Board as we are able to support the next generation of fish harvesters in communities across Nova Scotia.

For example, young people like Joseph DeCoste of East Tracadie who was able to return to his home community after working away and enter the fishery with financial support from the Fisheries and Aquaculture Loan Board. The Farm Loan Board's portfolio has also reached record levels last year; a total of \$202.7 million in loans were outstanding to 396 clients, and as the deputy minister referenced, our numbers have increased again in this year. In 2021-22 alone, we approved over 100 new loan applications to our farm sector, investing a total of \$52.3 million.

We're also very pleased to offer our microloan program to small and developing businesses and new entrepreneurs. We approved \$390,000 in microloans through this program. The Farm Loan Board also plays a key role in supporting the next generation of farmers, including the Kouwenberg family in Wallace Bay, who transitioned ownership of their family farm from one generation to the next.

Our team works in the communities we support. We are very pleased to have staff in Yarmouth, Kentville, Pictou, and Truro, along with working with the great staff in the Department of Fisheries and Aquaculture, who are located throughout the province. We view ourselves and take great pride in being just as much in the relationship business as we are in the financing business. We work with our clients to understand their unique needs. In fact, many of our clients are repeat clients or are the children or grandchildren of past and current clients throughout both loan boards' histories.

The investments we make on behalf of the taxpayer are secured via farm or fishing assets. Our loans are interest-bearing, but we offer lots of flexibility in the ways our clients

make payments to match the differing production cycles of different sectors. Some make annual payments, others might pay twice a year, quarterly, or monthly - whatever makes sense for them and helps support their success.

We have a strong working relationship with industry organizations, including the Nova Scotia Federation of Agriculture, various agriculture commodity groups, the Nova Scotia Seafood Alliance, the Aquaculture Association of Nova Scotia, and our many fishing organizations across the province, such as the Coldwater Lobster Association. We also work closely with our colleagues in the Departments of Agriculture, Fisheries and Aquaculture, and Natural Resources and Renewables, along with other government organizations like ACOA, Perennia, and Invest Nova Scotia. Ultimately, our clients' success is our success, and the success of Nova Scotia.

With that, we are happy to answer any questions that the committee may have.

THE CHAIR: We will begin our first round of questioning. Each caucus will have 20 minutes to ask questions and, as I've indicated previously, I will call order when the time elapses and move on to the next caucus. We then divvy up the remaining time to do a second round.

I'll begin with the Liberal caucus. Mr. Maguire, you have until 9:37 a.m.

HON. BRENDAN MAGUIRE: Fisheries, aquaculture, and agriculture are extremely important not just to rural Nova Scotia, but also to HRM. I represent a community, Sambro, which is alive and vibrant because of the fishing industry.

I know this is a federal partnership and things like that, but one of the biggest complaints that I hear from our fishers is: As the older generation transitions out of fishing, it's become more and more complicated to pass their assets and their boats and their licenses down to their sons and daughters and their children. This used to be a traditional thing to do. They used to be able to pass that down.

What's happening now is, quite frankly, their children are not able to afford the costs associated with it now, and it's actually killing some of these traditional fishing communities. Have you had these discussions with these communities? Have you had these discussions with the federal government and your colleagues around licensing and maybe going back to an easier way to do it?

One of the things that I hear from the fishing community is obviously there are tax purposes. That's how they look at it. The government is looking at it from a tax purpose and an asset purpose, but it actually is putting a dent in them - especially with rural Nova Scotian communities like Sambro. I'm wondering if you've actually looked at that and maybe thought about going back to making it a lot easier to transition from father to son, mother to daughter, et cetera.

THE CHAIR: Deputy Minister Howe.

APRIL HOWE: I think that's a really important question. We need to be in a position to be able to support the growth and succession of businesses - and you make a good point - not just in small rural communities, but anywhere that fishing operations take place.

One of the things that we're doing in fisheries is we are doing a fairly deep - I'll say forensic-level - review of our regulations. Part of that is understanding where the gaps are and where the challenges are for operators. That spans the breadth of the entire book of regulations. That's a really important piece for us.

You also mentioned the challenge it is from a red-tape perspective. Part of the review is looking at how we make it easier for these operators. Whether it's passing a licence along or attaining a licence, those reg reviews that we're conducting at the moment are really targeted toward the very things that you say you're hearing from your constituency.

BRENDAN MAGUIRE: One of the things I hope you're putting a lens on - for example, in Sambro there's a lady who fishes down there. I think she might be the only one in Sambro who fishes.

APRIL HOWE: I may have heard of her.

BRENDAN MAGUIRE: That's right - she's been at it for quite some time. I hope that when you look at that through that kind of lens - I know it's a traditionally male-dominated industry, but also to opening it up. I think more and more - the generation that's coming now maybe doesn't want to fish as much, so I think if we find ways to make it more appealing - I think they love the money, but it's a lot of hard work.

One of the things that really concerns me right now is that as interest rates are going up, the loans that fishers are taking out have become more and more expensive. I think the price of lobster a couple of years ago was around \$13 a pound. I think we're down to \$6.99 or something like that now. Seven bucks, somewhere around there. It's considerably lower. The revenue's not coming in like it used to. But the interest rates are going up and the costs of these loans are going through the roof.

I'm wondering if the department is doing anything about that. Have you been contacted by the current government for any type of loan relief for fishers? And agriculture too - sorry, for the farms too. Sorry about that, Mr. Phinney. The farmers are taking a beating on this too.

THE CHAIR: I'm going to go to Deputy Minister Howe first, and then if people could raise hands, we'll figure out where we're going from there.

APRIL HOWE: Thank you again for the question. Again, you're raising some challenges that are very real and felt by those who are working and trying to make a living in the industry. I do, however, believe that my colleague Brennan might be better positioned to give you the response that you're looking for.

BRENNAN GOREHAM: Certainly. Working with new entrants, supporting generational and succession change in the industry, is a hallmark of what we do at the Fisheries and Aquaculture Loan Board, as well as the Farm Loan Board.

Particular to your question around fishing and the rising cost and complications of getting into the sector, our lending staff take the time to sit down, work with applicants, go through their business plan, understand their entire cash flow situation - both on the business side and the personal side, because every loan that we do or set up at the board, we want to be successful, and we want it to be successful over the long term. That includes relating to interest rates.

We look at the loan and make sure it can cash-flow over a longer time horizon. For new entrants in particular and their sensitivity to interest rate increases, one of the hallmark things that we do at the loan board as well through lending products is potentially longer terms of the loan for new entrants, or different down-payment arrangements, or different requirements for the security or the equity of the applicant to make sure they can build a successful loan that they can cash-flow over the longer-term duration.

For interest rates as well, for a full-term loan with the loan board, if you apply, come in, set up your loan for a long term, we still do a five-year rate review. At that time, your rate can only go down. It's not going to go up. If you lock in at a full term, you still get the benefit at a five-year review of declining interest rates. That's another way we help support fish harvesters over the longer term to manage that risk associated with interest rates.

BRENDAN MAGUIRE: You talked about the interest review. I'm hearing from a lot of fishermen. We're from the same community, so we know all the same people. I'm hearing from a lot of people who are saying that when the price of lobster and halibut and everything was really high, and when farmers weren't getting pounded by inflation, a lot of them took out loans for new equipment and for new boats. Now the price of those boats and equipment have gone through the roof because of inflation.

From an interest release standpoint, when they are being reviewed - you said it goes down. How much does it go down by? Is it going down by the cost of inflation or is it going down by just a little bit?

Also, again, Nova Scotia depends heavily on our agriculture and fishing industries, especially in rural Nova Scotia. What support is there from the provincial government? We've seen relief for other industries. It's only fair to say that these industries need some

relief. So how much are those interest rates going down on average? Is there anything from the departments in the works for relief for these farmers and for these fishers? I don't know who wants to take that.

BRENNAN GOREHAM: I can speak to the item on interest rates. Both the Farm Loan Board and the Fisheries and Aquaculture Loan Board are mandated to charge interest, starting from the provincial cost of borrowing. That's right in our legislation and regulations. Then there's a slight provision on top of that in terms of the boards' administrative expenses, which we aim to maintain as low as possible so that over the medium term, we're breaking even for the Province.

At that five-year review on the interest rates, that would be whatever the prevailing cost of borrowing or the prevailing rates are at the time. Right now, for example, on a 20-year loan on a five-year term, our rate is 5.7 per cent. At a renewal period on a loan, we would look at what the prevailing interest rates are in the term that the fisher wanted to do, and they would either maintain their current rate on a full-term loan if it's lower, or they would get the benefit of rates going down.

In terms of how the departments support fishers or farmers with supports to offset rising interest rates, I can ask one of the deputy ministers to perhaps chime in.

LORETTA ROBICHAUD: I'd like to pick up a little bit on the conversation around interest rates and feed that into what we're doing in the department to support. I want to humanize the side of the loan boards for a moment. Just visualize a big chartered bank, with things going bad in agriculture and what their next moves are going to be when they're sitting in a big boardroom.

Now visualize the Farm Loan Board's staff, who get in their car and drive out to the farm. They sit at the kitchen table, have a coffee and talk about the very bad situation that the producer is in - the loans that they have - and how they're going to find a solution together. It could be one of the examples Brennan used: deferred payments, relaxed interest rates, standing up an entirely new program in conversation with an association when it's needed.

There are many factors and options that come forward in those dialogues. They bring those back, and they work because they are staff of the Department of Agriculture and they are passionate about agriculture, as they are about fisheries and aquaculture, and timber. They find solutions together because they live in those communities. They are the neighbours of the people they're working with, and I don't think you can put a price on that. That is how they differentiate the services that they offer and how they become the lender of choice in a rural community where a conversation matters.

I just want to emphasize that because when people think about the chartered banks and credit unions - and we have great working relationships with those individuals - this is a different relationship. This is why it's so successful.

BRENDAN MAGUIRE: I want to thank you for showing that pride. I fully understand that. I know that the leg work that goes into this - it's not like borrowing from the Royal Bank. There's a lot more personal interaction, and I've heard this from a lot of fishermen and farmers. In fairness, 5.7 per cent is pretty high. It's higher than my mortgage interest rate right now. That 5.7 per cent on millions of millions of dollars - which is what these vessels cost and what these equipment are costing - is a lot of money coming out of farmers' and fishers' pockets.

We know that the price of food and the price of fish fluctuates a lot. It's out of the hands of the individuals who are harvesting and processing. While I appreciate that you're reviewing it every five years, I think in times of high inflation and in times of high expenses, there needs to be something there to trigger it. Maybe there is. Also, I think that there needs to be programs from government to help sustain and support because we did see how important our local farmers and fishers were during COVID. I talked about this earlier, when the supply chain was broken, when we had the rail strike and things like that. We know how important it is to produce locally.

Again, my question was: Are there any programs in the works right now from the government to support and offset the costs of fishermen and -women and farmers across this province as they deal with costs that are out of their control?

THE CHAIR: Mr. Verge.

ROBERT VERGE: I'll chime in here. First of all, I've been involved in the fishing industry one way or another for about 45 years, so I think I know the industry reasonably well. I don't know the farms side as much, but I've had some involvement there too. I think people who go into those businesses understand that there's a lot of risk. I don't know of anybody in the fishery who doesn't understand that the business they're in is risky - and that there's a variety of risks that you have. Some of them are financial, others are operational. They're not unaware of the business they're taking on.

In my time with the loan board, I can say that we work with our clients to manage those risks as best we can. They have to manage some risks themselves, but nevertheless, our lending is different because we focus more on cash flows than we do on security. Not to say that we don't take security - we do - but cash flows are what distinguish us, I think, from chartered banks or other lenders. We tailor the cash flows on the loans we make to the client's cash flows. That shows up in a number of ways - in terms of when payments are scheduled, for example.

[9:30 a.m.]

When there are downturns in the industry, as there were during the financial crisis in 2008 and more recently with COVID, we have worked with the clients to develop cash flow plans that work for them and work for us. We work very closely with the clients to make sure that they can carry the loans. We want to set people up for success, not for failure.

While there may not be a formal program at the department level, I think on the ground, we're doing the kinds of things that you're asking for.

BRENDAN MAGUIRE: I do have a deep knowledge of how the loan boards work, both the farm and in the fisheries. I really do. I've been in and around the fishing industry my entire life. I used to bait trawl when I was a kid. I've been out on boats. I don't have the experience of a lot of people, but I understand it. The problem that we're facing right now is the cost of fuel, for example. The cost of fuel is choking our fishers and our farmers. I had a gentleman who's been fishing his entire life. He's probably a fourth-generation or fifth-generation fisherman who called me the other day and said, I'm not going out. I said, why? He said, I can't afford the cost of fuel. It's just not worth it anymore to go out.

We're seeing that more and more. Also, we do know that there's a labour shortage. Some of you may know Doug Garrison - I know you know Doug - who used to own Sambro Fisheries. It took him forever to find a buyer. These are the issues that we're facing. One of the things that Jackie and Doug told me is that it was because of the rising costs. People just didn't want to get into it because of the rising costs.

This is one of the issues that we face. I understand that the loan boards have bent over backwards to help. I understand that the loan boards are there to say yes more than they are to say no. I understand that they have that personal touch unlike any other lending institution probably in the province. What I also understand is that the cost of fuel is going up, the cost to fix the boats, the cost to fix the machinery, all that stuff is going up at a greater rate than the profit that's coming in.

A lot of people are now getting out of the industry because they can't afford it, or it's discouraging when you can just - we saw a lot of people whose children went out west instead of deciding to carry on. They weren't afraid of hard work - they just couldn't take on that kind of burden.

The thing I'm really trying to get at is, it's one thing to borrow money, I understand, but at some point, they need a bit of a break and they need some relief. To offset the cost of fuel, to offset the cost of maintaining to fix the machinery, to offset the rising cost of labour, is there anything that's happening from the departments?

ROBERT VERGE: If there's anything I've learned in my time in the fisheries is that it's cyclical. We go through cycles, ups and downs, along the way. The loans we make are long-term loans. You buy a fishing license, we amortize it over decades. You buy a boat, we amortize it over the remaining useful life of the vessel, which can be decades. A lot of things are going to change over the life of that loan, and I don't think it's realistic when you're at an up cycle or a down cycle to plan your future around where you are at that time. We need to have some kind (Interruption) - well, yes, I think you have to have some kind of a balance as to where you are in between.

One of the techniques we use at the loan board is stress testing. When we make a loan, we look at, okay, this is where the prices are today, but what's going to happen if we go into a down cycle or what's going to happen in a different set of circumstances? We can't respond to every twist and turn in the industry, whether it's labour, fuel, the price of fish, whatever. That's beyond our mandate to do that, but what we do is work with the clients to accommodate as much as we can as the cycles change.

First of all, we try to anticipate that there will be cycles over the life of a loan. Second, we will stress-test, as I said . . .

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

SUSAN LEBLANC: Thanks for this conversation so far. It's always surprising to me how interested I get in something that I really didn't think too much about - although, like Mr. Maguire, I grew up near a lot of fishing villages on Prospect Road, so I had lots of friends and family members involved with the fishery. I'm really fascinated by this.

You may know that our Public Accounts Committee had another controversial topic in front of us a couple of weeks ago to do with conflict of interest. I want to ask about that, first of all. I guess, Mr. Goreham, this question might be best for you. Can you talk about how conflict of interest is handled at the boards, and do the boards consult with the Conflict of Interest Commissioner? How do board members behave if there is a perceived conflict of interest? What happens?

BRENNAN GOREHAM: This is a matter that we take seriously and that we consider constantly at both boards. First off, it's important to have board members that understand the sectors - understand seafood, understand agriculture - so that they're making decisions that are reflective of the needs of industry and their best interests. Members of both boards are bound by the provincial Conflict of Interest Act, so all of the requirements and things that must be adhered to under that legislation also apply to board members, but the board has taken that a step further. We have conflict of interest policies and procedures in place.

Our agendas are provided to board members in advance of meetings. The very first agenda item after we adopt the agenda, the respective chairs call for declaration of any conflicts from any board members. In those cases, board members don't attend the meeting - they recuse themselves. They step out and don't participate in the meeting if they declare a conflict - they don't vote, they don't take part in the discussions.

Board members are also informed and have the obligation under our policies and procedures that if a conflict arises throughout the course of a meeting, they notify and declare that to the chair and step away from the meeting.

SUSAN LEBLANC: Is there a relationship with the board and the ministers when appointing new members to the board? Does the board recommend new members? How does that work when new people are coming on to the boards?

BRENNAN GOREHAM: I can start off generally and then perhaps pass it over to one of the deputy ministers to speak to the ABC process. Our board members are appointed by Governor in Council. The board does not have a formal role in that process. However, we are very pleased, from the direction of both boards recently, that they have identified longer-term recruitment and making sure that we have strong, robust boards in place as a priority. I know that is something that is on the radar for both departments.

I can pass it over to Deputy Minister Robichaud to speak on the appointment process.

LORETTA ROBICHAUD: Obviously, the boards are formed under the legislation, and have an indirect reporting to the minister. In terms of the ABC appointments, there is a process that's handled through the Executive Council Office, where there is an open process for applications based on the criteria that Brennan has outlined. The application process is then reviewed by a committee, and the recommendations then come forward after they are vetted through the requirements by the committee as recommendations for final approval.

SUSAN LEBLANC: This is for both the Farm Loan Board and the Fisheries and Aquaculture Loan Board. In the annual reports, there are financials for the previous year or the year that the report is on, but the reports don't offer any trends over time in one document or in one visual.

Is the amount of impaired debt growing or shrinking or staying the same? If both Mr. Verge and Mr. Phinney could talk about trends over, say, the last five years - what that's looked like, and what has been the uptake for the various programs over the last couple of years.

Given that I'm asking these questions, I'm wondering if you would commit in your annual reports to adding trending info to those reports so that we can see - each year we could have a snapshot.

THE CHAIR: Mr. Verge.

ROBERT VERGE: First of all, we have those trends. Actually, at the last board meeting we had, we went through a presentation on exactly those things. We have the data. We have the graphs to show. Our lending has been trending upward. Given the statistics that Brennan quoted earlier, we have seen a significant increase in output value in the fisheries and aquaculture sectors over the past 10, 12 years. That growth is also driving a fair amount of investment in licenses, vessels, gear, and so on. We are seeing an increase in our lending as a result. Our portfolio has been growing over time.

Currently, there's another driver as well, and that is generational change. We're seeing baby boomers retire, older people like me, and passing fishing enterprises on to a new generation. We're now seeing younger people coming into the industry, taking over enterprises that have either been in the family or in some cases from fishers they're not related to. We are part of that process. We think that generational change is still at an early stage, so we expect additional loan applications along that line going forward.

We do have a time perspective on our lending and on arrears. The graphs that I recall show that we're on a fairly steep upward slope in our lending, but on the other hand, our arrears have been diminishing over time. I think that's partly a reflection of the work out of arrears from the financial crisis in 2008, and then the relatively good times in the industry up until COVID hit. I think our trend lines are looking quite good.

THE CHAIR: Mr. Phinney.

DANNY PHINNEY: Finance - again, borrowing that amount of money being loaned out has been increasing over time. We do see that internally with internal reports. Again, too, arrears has been following and that has been a priority, to keep those in check and know what's going on.

We do see the previous year. But I guess your question was if we're actually getting charts with five or six or more years' data. We can produce that. We have looked at that in passing at the board level.

SUSAN LEBLANC: I just think that for us as the Public Accounts Committee, it's good to be able to have all of that information at once. If you're making a report, then it would be wonderful to see that.

In the mission statements for both boards, the Fisheries and Aquaculture Loan Board "supports the development of sustainable fisheries and aquaculture businesses," and

then the Farm Loan Board supports “the development of sustainable agriculture and rural agri-business.”

[9:45 a.m.]

This word “sustainable” is an interesting one. It can mean financially sustainable, so it begins to profit after a while and people can pay their workers and put food on their own tables. But also, we need to make sure that we’re looking at environmental sustainability. I have a couple of questions about that.

First of all, when we talk about sustainability, I wonder about open-net pen fishing. I’m wondering, Deputy Minister Howe, if you could comment on that. This goes to maybe policy too. What is the policy, and what is the thinking around the sustainability of that type of aquaculture?

APRIL HOWE: We are looking at and have been considering the importance of aquaculture as a whole. We need to feed Nova Scotians, and proteins are an important way to do that. The Premier has a mandate to double the population, and I would say that fish is an important part of that.

We do want to see all operators continue to do the work that they do. In terms of open-net pen fishing, we know that there are different types of species that are farmed in that manner. We certainly have a very close regulatory and policy regime around all of our fishing methods. There are farm plans that ensure that this fishing and farming is done in a very sustainable and safe manner.

Going forward, we intend to do that. As more technology and more science become available to us, we have the opportunity to look at that even more closely and ensure that those environmental pieces are considered.

SUSAN LEBLANC: That’s great. When you’re looking at loan applications, I’m wondering if the idea of environmental sustainability comes into it. When you’re looking at the application - I don’t know how they are graded or whatever, but is there a question about low carbon production? Does that even come into the picture for either fisheries and aquaculture or farming?

I guess if we’re talking about the other - if we’re talking about low-carbon practices and other sustainability practices, does it factor into the ability to get a loan?

THE CHAIR: Mr. Goreham.

BRENNAN GOREHAM: It’s certainly an area where we work closely with both the Department of Fisheries and Aquaculture and the Department of Agriculture to

understand what the needs of the applicants are with respect to low carbon or environmental sustainability.

When our loan officers are working with a client on a loan application, they have a good awareness of what might be out there for other incentive-type programs or supports outside of lending to help our clients pursue projects that are as environmentally friendly as possible. Then also, in our loan approval process, when we review loans, there is an element there as well that looks at the environmental potential relating to that application.

Also, we have the ability through both boards to support clients from all sectors to upgrade technology, upgrade the way they're doing things so that they are more sustainable. Through the Fisheries and Aquaculture Loan Board, we were very pleased to support a hybrid fishing vessel. On the farm side, we've also supported some clients with solar technology or different types of heating or equipment and that sort of thing that reduces their carbon output. It's certainly an area of priority for both boards and an area that we are excited to keep working with all of our industry clients on moving forward and hearing what their needs and interests are.

SUSAN LEBLANC: I guess I will say that I do also understand - just in case I didn't say it earlier - that there is an obvious relationship between financial sustainability and environmental sustainability. They go together.

I wanted to ask about the microloan program you mentioned in your opening comments. Could you just tell us a little bit about that? What amounts are we talking about? How many folks use it or apply for money through that program?

BRENNAN GOREHAM: This is a program that we were very pleased to have launched in response to some of the feedback we were getting from those approaching the loan board. Our microloan program, which is predominantly through the farm side of our business - we did \$390,000 in loans in 2021-22 under that program. That was across about a dozen or so loan applications for different commodities, be it berries, or be it different things. One of the benefits of those loans is in terms of the security or collateral that we take on those.

Our security is generally through a general security agreement or a charge on the chattel equipment. It does not involve registering a mortgage or lawyers or legal fees, so the application process is more streamlined for those folks who may need that lower level. Although lower in terms of our overall portfolio, it's very important to those clients as well. It's a program where we also work with individuals from different communities, or people emerging new into the food sector or the farming sector as well, to get them started.

We're also very pleased that because of that program, we were also afforded the opportunity to take part in a program being offered this Winter through Mount St. Vincent University supporting young female newcomers to Nova Scotia, entrepreneurs interested

in getting into the food business. We will be sharing information on our microloan program through that forum as well to support newcomers, young female entrepreneurs, to get more involved in the food and farming sector.

SUSAN LEBLANC: You said \$390,000 over about 12 different users or borrowers. Is there a maximum on the amount?

BRENNAN GOREHAM: Yes, certainly. Our microloan program - the target unit we have for maximum there is \$50,000 per loan. One of the benefits as well of coming to us is if you come to us for a loan application and if you don't fit the discreet parameters of the microloan program, our loan officers will still work with you and your business plan to find the lending solution that makes sense for the applicant.

SUSAN LEBLANC: In your opening remarks, Deputy Minister Robichaud, you mentioned buying local, and I'm wondering if you can talk about how the department is involved with the development of the Nova Scotia Loyal program and what the timeline is for that program?

LORETTA ROBICHAUD: The development of the Nova Scotia Loyal identity and incentive program is being managed through Economic Development, but they are moving forward with that on a timeline that I understand will be in the near future, very soon, and we are at the table.

They have many departments at the table in a working committee. They've recently hired a director for Nova Scotia Loyal who's leading those initiatives, and we are preparing our marketing materials so that as soon as Nova Scotia Loyal is launched with the branding material, we will be into market as we customarily are through the Department of Agriculture, and also in partnership with our colleagues at Fisheries and Aquaculture to start promoting in a big way the Nova Scotia Loyal initiative. We're very much looking forward to that.

SUSAN LEBLANC: Do we know if there are farming or fishery outfits that are not using the loan boards? Are they going to bigger banks? If so, why is that? What would be the reason to not use your boards?

BRENNAN GOREHAM: Certainly, there are other financing options for farmers or for fishers, aquaculturalists, and seafood processors. The staff and the boards - we don't envision ourselves replacing all forms of financing that's available to those sectors. We really see the role of our operation to be complementary, to be supportive, to fulfill gaps that perhaps commercial lenders may not look at.

As Acting Chair Verge and I believe the deputy minister referenced earlier, coming to the Farm Loan Board or Fisheries and Aquaculture Loan Board, your lending decisions are being made in Nova Scotia by Nova Scotians, for Nova Scotians. That is one benefit.

There are other advantages where folks may choose to come to the Fisheries and Aquaculture Loan Board instead of commercial financing. It may be a loan amortization rate or what the bank requires for down payments or deposit. I think the fact that one third of our fishing clients are new entrants I believe speaks that we're filling a gap in the new entrant market, and perhaps there are folks who may be more progressed in their farming or fishing career with more equity, more assets behind them. They may be able to go pursue commercial financing outside the boards.

SUSAN LEBLANC: Any analysis on how low you could go with interest rates for folks who are using your loans?

BRENNAN GOREHAM: As previously referenced, our cost of borrowing is tied back to provincial cost of borrowing in legislation and regulations, so our starting point is what the Province borrows money on the bond market, and then our rates are set from . . .

THE CHAIR: Order. The time has elapsed for the NDP questioning. We'll go over to Mr. Taggart.

TOM TAGGART: Before I start questioning, I just want to say what great work you folks do. I know very little about the fishery side of it, but I know a fair bit about agriculture and how important you folks are to that industry.

I want to use the soap box a little bit. There have been some questions asked this morning - legitimate questions about your rate, that sort of thing. I think somebody said it was around 3.5 per cent or something like that. I actually wouldn't be disappointed if that was higher, given the role you folks play in starting farmers out. If there was no risk, they would be at a commercial bank. You guys make that happen. I need to say that again.

I think it's important for people to understand what you guys are looking at. For example, farmers are the biggest risk-takers there are in the world. I have farmers who put \$1 million in the ground in the Spring of the year, and they hope that it doesn't freeze, that the bugs don't get it, that they're able to get it harvested. They take huge risks. I applaud you guys for what you do. I sometimes think you should take more risks. Just saying it.

My first question would be to the department. We have set a goal of having 20 per cent of funds spent on locally produced food by 2030. What are we doing to meet this goal, and what progress has been made so far?

LORETTA ROBICHAUD: I'll take that one. We do have an ambitious goal, but it's a very worthy goal. Our minister is providing clear direction on that through his mandate letter to increase that consumption by 20 per cent. As you'll recall, you have to start somewhere, and you need a baseline determination to know if you're going up in meeting your targets.

[10:00 a.m.]

The very first action that we undertook - and we're getting very close to having a number that will be available - is to engage through Perennia a consultant who would then find a formula, if you will, to replicate how we determine the baseline number so that every year we can measure our consumption of buy local with a measure of accuracy that everyone is comfortable with.

That is the first thing we've done that's underway. I would suggest you stay tuned, because we will have that work completed in the early Spring. We'll be very delighted to share that with everyone who has been asking for the better part of a year, I would suggest.

The department has also engaged at an Atlantic level on a model for tracking food self-sufficiency. We meet monthly and have discussions at the Atlantic Deputy Ministers' table, and we have a working group around food self-sufficiency. Fiona is a good example: when supply chains are interrupted, what do we have in the province so that we could actually feed ourselves comfortably and know that we have enough in reserve?

We have nine commodity food items within that basket - our goal is to increase that to 12. At the Atlantic Deputy Ministers' working group, they are very aggressively working toward meeting that and how that links back to producers and processors around reaching that goal. It's very informative information. I'd be delighted to share that if anyone is not familiar with that. We've been presenting it to various AGMs over the course of the last six months.

The other item that we're working on, of course - and the question was raised - was the Nova Scotia Buy Local and Nova Scotia Loyal programs. Our marketing team is working quite closely with that team and we all feel very comfortable that all of the Nova Scotia Loyal initiatives and market penetration we have through that process will feed into hitting that 20 per cent goal on local consumption.

I would be remiss if I didn't talk about the incredible work that's taking place under the leadership of our minister around institutional procurement. For those of you who have been following that particular item, it was a mandate item in our minister's letter. We hired a full-time manager to lead a team within the Department of Agriculture around institutional procurement, and in December, we were fortunate to partner up with the biggest kitchen in Nova Scotia at Northwood. They have begun a pilot project with us around acquiring more food to help us meet those targets in their institutional procurement setting.

I would suggest that the team has been incredibly active. We will be announcing and have announced additional institutional procurement initiatives targeting schools, correctional facilities, and health care centres. I would suggest that you stay tuned and

listen closely, because there are announcements coming quite aggressively over the next few weeks about all of those pilots that have traction right now.

The initial interim reports coming from the pilots are extremely positive, and we have already, without releasing any numbers - because it's only an interim report at this point - Northwood has already increased their consumption of local food within their setting, which is a tremendous accomplishment. If you move their percentage by even 0.5 per cent, in a kitchen that large, feeding that many people, the contracts that result for producers to supply that food is tremendous.

TOM TAGGART: That's great stuff - I say that sincerely. I am very passionate about the agriculture industry and part of that, of course - there's a lot of blueberries in Colchester North. In June 2022, the government announced an additional \$100,000 in the Blueberry Pollination Expansion Program to support blueberry growers who keep bees to pollinate their crops.

Why did we choose to provide additional funds to this program, and what results are we seeing in the blueberry sector from this and other investments? You might take the opportunity to talk about the value of blueberries to agriculture in our province - I don't know the number, but I know it's quite significant.

LORETTA ROBICHAUD: You're hitting on subjects that are near and dear to my heart. Blueberries, obviously, as our number one export in the province. Just to put some stats out there per your request, it's \$120 million in international agri-food export for blueberries - not a number to be shied away from - and growing significantly. Farm gate value reached \$55.4 million in 2021, which was an increase of 2.2 times the value from 2020. To the credit of the Farm Loan Board, they provided \$9.3 million in financing to the wild blueberry growers, \$5 million of which has been advanced since 2020. We're seeing that significant growth that we talked about.

I want to address the question by saying this, and I think this is a really critical piece of any conversation we have around moving any particular industry in the province: We listened. We actually listened to industry, and our programs are derived from what we hear. The association came forward indicating that they really needed a program that would address this particular area on blueberry pollination expansion. It made sense to us because, as you know, we've been leaders in Nova Scotia around our import permits for bees into the province. We have very strict guidelines on what's permitted to come in, and that has kept us disease-free in certain areas like the small hive beetle for a number of years.

With that, though, you can appreciate that we might not let in everything that perhaps another province might, because we have stricter criteria, so we need to grow our own hives here, and we need to make sure that we have enough to support the industry. The blueberry producers, who are growing and contributing significantly to economic development for the province, asked for this program. We listened and put the program in

place. Since then, I am delighted to report to the committee that there's been more than 1,500 hives that have been added to the blueberry sector as a direct result of the program, which was just very positive.

If you take that through the value chain of food, that means that many more blueberries are being pollinated, that many more blueberries are being harvested per hectare, and therefore that many more blueberries are being exported globally to the world. A good homegrown success story for Nova Scotia.

In a similar vein, I would just like to also emphasize that in collaboration with the *Wild Blueberry Producers Association of Nova Scotia* and others, we launched our weather monitoring program. It's very complementary to this program, has had tremendous uptake, and speaks to the comments around climate change that we heard earlier from a member of the committee. We also launched the Wild Blueberry Enhancement Program, which has had equally as successful results.

TOM TAGGART: I'm going to hand it off to our fisheries expert here, Mr. Young.

THE CHAIR: Mr. Young.

NOLAN YOUNG: Deputy Minister Howe, as an MLA who represents a coastal community with strong fisheries and aquaculture industries, I recognize both the importance of these sectors as real key economic drivers. They employ hundreds, if not thousands of people in my community, not to mention the spinoff effects. I think I read somewhere that one in three jobs in the County of Shelburne are tied to the fisheries.

Can you expand on the economic importance of these sustainable industries, both locally and globally, and the role the board plays?

APRIL HOWE: It certainly won't take me 10 minutes to share what I have to share, and I am grateful for the question. I sometimes feel that the economic impact of fisheries in Nova Scotia is not always a widely known piece of information. The sector truly is the backbone of rural Nova Scotia - it truly is. The export growth, as I mentioned earlier, reached almost \$2.5 billion, exceeding the \$1.72 billion that the Ivany Report had put out as a goal. That goal was set for 2024. We have outperformed that goal significantly.

We trade in every province and in 62 countries around the world. We are employing about 17,000 people in the sector. (Interruption)

THE CHAIR: I was hoping we would get to the end of your answer and - Mr. Taggart just had heard the sirens outside and there's blasting next door, so my apologies that I didn't give you advance notice. (Laughter)

APRIL HOWE: I just assumed that my stats were just that impactful. (Laughter)

THE CHAIR: Earth shaking. Deputy Minister Howe.

APRIL HOWE: We're looking at about \$500 million in wages and salaries that are generated in this sector for rural communities. This is really important stuff. This is big business for Nova Scotia. I'd like to tie it back to the importance of the Fisheries and Aquaculture Loan Board and what they provide operators to not just maintain but expand and have new entrants come into the sector.

I always say that fisheries and aquaculture is becoming a more sophisticated sector with new technologies and emerging science. The importance of the loan board to support these operators in driving the sector forward is absolutely key.

NOLAN YOUNG: Thank you for the answer. I thank you for all your hard work around this file. My next question was going to be around how the board operates, but I think you've answered that.

One of the things I'm hearing around my constituency is as more entrants are involved in the fishery and we're physically increasing the size of the vessels - boats are bigger, and space is shrinking. I know it's federal, but is there any work happening with the feds around wharves and wharf space?

APRIL HOWE: Just to clarify your question, when you say work around wharves . . .

NOLAN YOUNG: The actual physical space. We're looking at lobster boats, for example. They're like a hotel on the sea right now, compared to some of the specs they used to be. There's a finite amount of wharfage. I'm just wondering if there are any discussions with the feds around this topic.

APRIL HOWE: I'd like to come back to you with more information on that question. I don't have that data in front of me.

THE CHAIR: Thank you, Deputy Minister Howe - witnesses often will just send us a letter afterward with the information. Mr. Young.

NOLAN YOUNG: Last one - again, on fisheries and aquaculture. Funding for the Marine Debris Clean-up Program was reinstated this past August. How many projects have been funded thus far, and approximately how many kilometres of shoreline would have been restored?

APRIL HOWE: The Marine Debris Clean-up Program is an important one for us. We want to encourage organizations, industry and such to be stakeholders, if you will, in our coast lines. It's very important that we're all engaged in marine debris cleanup where possible.

You asked the question around how many kilometres. It's really not necessarily managed that way. We really look at organizations that want to come to us. This is not a restoration program where those kilometres would necessarily be measured. It's really more about the communities, organizations, and industry engaging, and we are providing funding to incent these folks to come in.

Your question around how many. To date, we've had three organizations that have embarked on some scaled debris cleanup projects, and we're working with two more right now. We want to make sure that funding was in place because we really want to promote community engagement in these types of activities. We're pleased that we're moving the bar forward in more work in this area.

NOLAN YOUNG: Just wanted to once again say thank you. Thank you for all your hard work on this file, and thank you to the people that were involved in the cleanup. It's incredibly important. I know a lot has come out of that in Shelburne County.

I'll pass it to my colleague, MLA Smith.

THE CHAIR: MLA Smith.

KENT SMITH: Thank you to everyone for being here today. My first question's going to go to Deputy Minister Howe. I proudly represent the Eastern Shore. I proudly represent LFA 32. We know that the success and a lot of the economic driver on the Eastern Shore comes from the fishing industry. It comes from the hard work of the fishers. The Powers family has three or four members of their family who fish regularly and provide to the economy. The processors that we have, like Baker's Point Fisheries and Tangere Lobster - big drivers of our economy.

We know that government has a role in supporting those industries and those peripheral businesses. DFO plays a key role in it, obviously, but I'm curious to know what your department is doing to support the innovation, sustainability, and ultimately the success of those industries, particularly along the Eastern Shore.

APRIL HOWE: Thank you for the question. I've been dying to get to this one, quite frankly. Our department takes its role in the sustainability of our resources, our waters, local business very seriously. We're always looking at innovative ways to move the needle on that. Obviously, the Fisheries and Aquaculture Loan Board is an important tool in our tool box, but it's not the only tool in the tool box.

We also have the Atlantic Fisheries Fund. This is a significant fund that is partnered with Fisheries and Oceans Canada, as well as the Atlantic Provinces and industry. The focus of this fund is primarily - not only, but primarily - around the idea of innovation and sustainability. What are the new technologies? What are the new gears that are coming out that are going to help these fishermen and these fishing operations be more efficient and

more effective? There's a lot of time spent in terms of research in helping them find that out, and then funding that through the Atlantic Fisheries Fund.

[10:15 a.m.]

The Atlantic Fisheries Fund offers a couple of different types of funding opportunities for operators. The partnership that we have with DFO and industry on this is very important. It is an extremely important program for us, which we are on the cusp of renewing because of its success. This fund has contributed about \$37 million, and we've leveraged another \$70 million in DFO funding. That works out to success to me, but that's not the only measure. We've funded about 321 projects, which really go to modernize our seafood sector.

I'm happy to share that with you and, again, we're thinking about tomorrow. Funds like this really keep an eye on how we maintain what we have and grow what we have.

THE CHAIR: Mr. Smith, you have 30 seconds.

KENT SMITH: Well, in that 30 seconds, I guess I will say that's great information. Thank you, deputy minister. I don't think there's much point in me asking a question right now - no one would have the time to answer it. I will conclude my line by saying, Mr. Verge, your tie is fantastic. (Laughter) I'm glad to get to see it today.

THE CHAIR: Thanks, Mr. Smith. We'll now move on to the second round of questioning. Each caucus will have seven minutes. We'll begin with Mr. Maguire.

BRENDAN MAGUIRE: Thank you for being here today. We do appreciate the answers here today. I have a bunch of questions, so I just need very direct answers because we don't have very long. I actually made the mistake of putting it out in the Sambro group that you guys were the witnesses today, so I've been flooded with questions from fishers.

One of the questions that came forward, which I found very interesting was: What are you doing to expedite oyster lease approvals, which we know is a huge business in P.E.I.? Just quickly, what is the department doing to expedite those approvals?

APRIL HOWE: Again, I'll go back to the regulatory review that we're conducting. We've got a group of industry experts who are looking at our regulations. One of the elements of this regulation is around how we get people to business faster. We need to indicate that Nova Scotia's open for business, and we need to make sure that investors have confidence and the ability to do business here in Nova Scotia.

With the regulatory review, which we hope will be concluded probably sometime in the Fall and then regulations to follow - our hope is that we have the ability to create

efficiencies in that process. It's not lost on us that things could be a bit faster, so we're working hard to make sure that comes to fruition.

BRENDAN MAGUIRE: The former Minister of Fisheries and Aquaculture, Hon. Keith Cowell, and I actually worked on the aquaculture legislation review and updating it. In fact, he had me travel all over the province and sit in all kinds of different rooms. I know Bruce and the whole crew over there spent a lot of time on aquaculture stuff.

I know maybe the rules and regulations are in place now, but to me, it doesn't feel like it's taken hold. We did meet with industry leaders from different provinces. We saw the capacity in New Brunswick. We saw the capacity in Maine, and Newfoundland and Labrador. At the time, I think we were told we were at about a 15 to 20 per cent capacity here in Nova Scotia.

I know that people have applied. There are a lot of loopholes, and that was part of the new regulations that were supposed to eliminate that stuff. Still, we know that there are a lot of loopholes.

Where are we at on the aquaculture industry? I actually recently met with one of the leaders here in Nova Scotia in aquaculture. When we started talking, he was ready to pull his hair out on this. We know that this industry is nowhere near at full capacity. What happened with all that information that we had gathered? Why are we still in the same position that we're in?

APRIL HOWE: Thank you. I'll point you back again to the regulatory review. But before I double down on that, I would like to talk a little bit about ADAs - aquaculture development areas.

In Argyle, by way of example, we have an aquaculture development area, which is a process and a mechanism to sort of predetermine criteria where aquaculture would be best suited for in waters. It also looks to get social licence. We've got municipalities and communities that are on board with this as a whole. That entire process of setting up an ADA will also facilitate a much faster licensing process.

That's one example. We are looking and hoping that more municipalities will be interested in setting up ADAs. It's one of the tools that we're looking at, along with the reg review, to help us. Again, we recognize that there are operators who are really wanting to understand and move things forward and do business, so we're really working hard to figure out what the tools are that we can provide to help that happen.

BRENDAN MAGUIRE: We did the regulation review five years ago. We went through the process. I think it took 12 to 18 months. There was a ton of money that was spent in the department to do these regulation reviews and put forward a path for

aquaculture. Why, again, are we doing another regulation review when this work was already done?

I know that for a fact because I was part of it. I watched the staff work on Sundays, Sunday evenings, Saturday evenings. I watched them meet with stakeholder after stakeholder. I don't understand why we're doing another regulation review on aquaculture when it was already done.

APRIL HOWE: I would say that, while I wasn't here during the first review, a five-year gap is a reasonable time to review what's been done, what gaps still exist, and where we need to up our game, if I can use that terminology.

Things were enacted at that five-year point, and now we really want to make sure there's a clear drive to make sure that there are regulations that are truly effective and meet the needs of today's operators. So while it may seem repetitive, perhaps, I think a five-year review is a reasonable time to re-look at what's been in place and ask ourselves what actually is working, and then come up with a regulatory regime that meets the needs of today.

That's the approach that we've been taking.

THE CHAIR: MLA Maguire, one minute.

BRENDAN MAGUIRE: I'll be quick on this. We did meet with some farmers' markets. They're feeling like they're not getting the appropriate funding and support from the departments. They are obviously an extremely important part of buying local. What is the government doing to support farmers' markets, who just told us that they're getting very little support, especially when it comes to staffing.

LORETTA ROBICHAUD: Thank you very much for the question. Farmers' markets have been a very strong partner with the Department of Agriculture for a lot of years - decades, in fact. We ran the first program that created the 61 farmers' markets in Nova Scotia, realizing that was a way to get local food into rural communities.

We have microloan options for the farmers' markets currently. We're in discussions with the farmers' markets as well around Nova Scotia Loyal and what the options might be there in partnership with the department. As you know, we partnered on Select, on Get Your Hands On Local. We've always had them there at the table.

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

KENDRA COOMBES: Thank you. I want to go back to my colleague's question regarding the review. Is transparency going to be part of the aquaculture review? We're hearing from communities that they want way more input into the projects.

APRIL HOWE: Thank you so much, and thank you for the question. Transparency has been the cornerstone of the conversations that we've been having, not just around the review itself but how we get information to community and how we get information from community.

One of the things that we think is really important is making sure that there are multiple ways for community to engage. A town hall is great, but not everybody can attend. Not everybody has access to the internet. Not everybody is computer-savvy. We need to figure out ways to make sure that people have the opportunity to weigh in.

As well, we need to make sure that there's transparency around our findings, changes to regulations, any updates that we're making. Currently, there is a website around the aquaculture review, and anybody can go on. We update our minutes from meetings or overview of meetings. Any relevant information that we produce gets posted to that website. Again, that's one mechanism for sharing. We have done a what-you've-heard report. We're really trying to help people understand that there's going to be information that is there for your consumption, and really looking at ways to ensure that people have a vehicle to get to that information. It is a key component in the transparency piece.

KENDRA COOMBES: I'm glad to hear that there's a recognition that people can't always make meetings and people don't have access to technologies. It's great.

I want to go back to the Environmental Goals and Climate Change Reduction Act, as my colleague had mentioned. The goal now is to meet that 20 per cent consumption by 2030, but we're already behind the eight ball, because we were supposed to meet that goal in 2020. That's the reason why we're getting the question of when are we going to have something in place, because we're now two years behind this eight ball. Because you mentioned a lot of piecemeals and pilot projects, when is a full strategy going to be available?

LORETTA ROBICHAUD: Yes, I did reference some very innovative and progressive pilots that are under way that will deliver in a big way when all of the information starts to flood in in addition to the baseline data report that's nearly complete.

In terms of your question, we are penning a food and beverage strategy - led through the Department of Agriculture. There are components to that strategy that will directly deal with processing and availability, the access piece, and there are 11 departments within government that are sitting at that table that are contributing to the food and beverage strategy.

When we move to implementation, there will be critical pieces for each department to play in terms of meeting not only our goals, but awareness around communities that may need access to food in a different way. It's a different dialogue than we might customarily have had if Agriculture was pursuing a food and beverage strategy on its own.

It is a bit of a waiting game, and it is taking some time, but I'm going to suggest that it's going to be well worth the wait. We're very near a delivery on a whole host of fronts that I suggest will have a significant impact on the whole conversation around food and hitting our targets. This is a critical mandate, not only for the Department of Agriculture, but for everyone involved and the citizens of Nova Scotia.

KENDRA COOMBES: I just want to go back to the question. You said, "near delivery," and then you also mentioned implementation. I know when I go into a project, I always have timelines and set deadlines of when things are going to be potentially available. When is the full strategy going to come to play, and when will it be implemented? Do you have a timeline for that?

LORETTA ROBICHAUD: Certainly we have timelines. I think we'd be remiss if we did not, and it's a very good question. We obviously had to adjust some of those, and I'll give you an example.

When we went out to public consultation on the food and beverage strategy, we were anticipating perhaps 500 to 600 replies. We actually received 1,900 replies back on the strategy. To mobilize staff to go through and give the time and effort and just review each of those comments, we had to add more time to the strategy in fairness to delivering a good project. Where I said the Spring, now we're probably late Spring, and then we need to pen that and actually move forward on penning the strategy and moving to implementation with our partners, but there are things that come up - you can appreciate that - that require an adjustment.

THE CHAIR: Deputy Coombes . . . oh, sorry. (Laughter)

KENDRA COOMBES: Thank you - can I have that paycheque? Just kidding. (Laughter)

Quick question I was going to ask - with your timelines, can you guarantee that we're going to meet the 2030 goal?

LORETTA ROBICHAUD: We are mobilizing every effort to meet that goal. I would have to suggest that we always start with a yes. That's our philosophy in terms of meeting all of our goals. We have to start with a yes.

[10:30 a.m.]

It is the target. If we have to make adjustments as we go, we will. But for our deliverable, we are firmly committed to delivering on that target in that timeline, and have every confidence that we will.

THE CHAIR: Ms. Coombes, 30 seconds.

KENDRA COOMBES: Thirty seconds. I'll just ask this: What new supports have been offered to the fishers and farmers since the inflationary crisis that are not loan-based?

APRIL HOWE: I think I'll go back to perhaps AFF - the Atlantic Fisheries Fund, which can be loan-based but is not necessarily loan-based. There are loans that are non-repayable . . .

THE CHAIR: The time has elapsed for the NDP questioning. We'll now move back to the PC caucus and Mr. Smith.

KENT SMITH: I will happily allow the deputy minister to carry on with the answer.

APRIL HOWE: The Atlantic Fisheries Fund offers non-repayable loans under \$100,000, given that an operator meets the criteria, obviously, with the goal, again, of innovation, efficiency, and sustainability. That's, I would say, a significant way for operators to tap into funding to help them with their operations and offset some of those inflationary challenges that they face. Thank you.

KENT SMITH: You're very welcome. I have one question this round. I'm going to hand off to my colleague after that. It's going to go to Mr. Goreham or Mr. Verge.

Over time, we've seen a decline in the population in rural Nova Scotia, but recent trends are kind of bucking that. Our government has made it a focus to try to attract and increase the population, but really with a focus on youth. We've done that with the More Opportunities for Skilled Trades initiative that we put forward earlier in 2022.

I was really pleased to see that in your business plan for the upcoming year, about 40 per cent of the loans that are being taken out or applied for are by folks aged between 19 and 35. I'm curious to know what we're doing to continue that trend, and how are we helping to support those younger folks getting into the industry?

THE CHAIR: Mr. Goreham.

BRENNAN GOREHAM: I think young people in Nova Scotia rural areas are seeing the seafood industry as a career opportunity. As Deputy Minister Howe mentioned, there is new technology. There are innovations. There are new gadgets. There are new ways

of doing things. I think it seems an exciting career opportunity now, whereas perhaps a decade or two ago it may not have been as at the forefront.

In terms of what the board has been doing for new entrants, I'd really like to give a shout-out to all of our staff working on our team in the Fisheries and Aquaculture Loan Board and the great work that they're doing engaging with clients - meeting with them in their communities, on the wharf. I myself have gotten Facebook messages from fishermen about the Fisheries and Aquaculture Loan Board.

We're really hoping to make ourselves accessible, understand their business, meet their needs - because every loan that we set up, and every client who comes through our door, we want them to be successful.

I think as well that now that we're able to go out and about to industry events and conferences and that sort of thing, making ourselves available, inviting our chair, Mr. Verge, and others to those conferences and events as well to hear directly from clients, from industry, of ways we can serve them and meet their needs, I think young people see that.

We're also very excited. We've brought on a new outreach and engagement coordinator position to increase our presence and profile on social media, on the internet, the places where young Nova Scotians and young people are, so they see our boards as an option for them if they want to pursue a career.

We also have a tailored lending product for new entrants where we have a lower down payment requirement for anybody who's new to having a commercial fishing licence. That allows an immediate access financing through us that they wouldn't be able to access elsewhere.

We also have the ability to structure loans in a unique way in terms of the down payment or the deposit, or how much principal is being paid down when so that these young entrepreneurs - because they really are businesspeople. It's a business. It's not just getting up in the morning and going on your boat. There's a whole host of other pieces to it, and young Nova Scotians who are taking on that risk and taking on that endeavour have our support. The Fisheries Loan Board has been here for over 80 years helping Nova Scotians, and we hope to be here for another 80-plus years to come as well.

THE CHAIR: Mr. Verge.

ROBERT VERGE: I was just going to add something to what Brennan said, because I've been around longer and seen more things. When I came into this industry, it was primarily focused on groundfish - cod, haddock, and so on - and we've gone through a significant downturn in that sector. That discouraged a lot of people from the fishery - people who had been in the industry for a long time. More recently, we've seen a huge

increase in landings of shellfish - lobsters, crabs in particular - and a big increase in value because of it. I think that's what's in some ways creating excitement around this industry, is that there are new opportunities that have evolved, new opportunities that offer good incomes.

Furthermore, I think in the broader world we've seen a big increase in population that has increased demand for seafood. Right now overall, there's more demand than supply, and that's why we've seen aquaculture come along and fill that gap, for example, and why we've seen prices for the products that we sell increase over time. I think people are responding to the opportunities that they're seeing, quite honestly, and hopefully we have to make sure that those opportunities are sustainable over time, but we want to see where we can grow them as time goes on as well.

KENT SMITH: Great answer. Thank you very much for that.

Madam Chair, I'm going to turn it over to MLA MacDonald.

JOHN A. MACDONALD: I'll do this really quickly. Mr. Goreham, there was a discussion earlier where you were discussing, for example, a five-year term for 5.7 per cent. I just want to get this correct. The point is that when it renews, it was over 20 years, the term was five, interest hit 10, they're still able to lock it in to 5.7 per cent. If the interest was 4 per cent, they could take the lower. That was basically what you were saying at the end, correct?

BRENNAN GOREHAM: Yes. So it's on a full-term loan. Anything that exceeds the five years is an example of an interest rate. If someone sets up a 20-year loan, they set it up at 6 per cent. If at five years, prevailing rates are 4 per cent, they get the benefit of the 4 per cent. If prevailing rates were 8 per cent, they stay at the 6 per cent. There's only a benefit to the client.

THE CHAIR: The time for questioning has elapsed. I don't know if our deputy ministers or the CEO have any closing remarks. I'm seeing some nods. Deputy Minister Howe, would you like to go first?

APRIL HOWE: First of all, I'd like to thank you for your time this morning and the questions. I enjoyed this conversation.

One of the strengths of the loan board has been its connection to industry. Its members come from industry, and the operational team works with clients to understand the challenges and opportunities, and I think that's been illustrated here, particularly by Mr. Goreham. The board's work has been and continues to be a crucial growth factor for Fisheries and Aquaculture.

Again, I thank you for your time this morning and the opportunity to speak.

LORETTA ROBICHAUD: I would like to thank the committee as well for the opportunity to come in and speak. I'd be remiss if I didn't say I also want to thank my staff, who put tremendous time and effort into preparing all matters related to the Department of Agriculture. I'll keep my comments brief.

We've heard a lot today about the great work our loan boards are doing for agriculture, fisheries and aquaculture sectors in this province. Together with the Nova Scotia Timber Loan Board, they are critical partners working with government and industry to develop and grow these sectors. The Farm Loan Board has been here for over 100 years, the Fisheries and Aquaculture Loan Board for over 85, and the Timber Loan Board for almost 60. It really is mind-boggling when you think about that time frame.

From my perspective as the Deputy Minister of Agriculture, I'd argue the work of the loan board has never been more important than it is today. For example, we have producers in central and northern Nova Scotia working hard to recover from the impacts of Hurricane Fiona. We will all remember that day. The Farm Loan Board is right there with them.

Producers are making investments in infrastructure and new technology to be stronger and more competitive, and the loan board is supporting them to do that. We are working with the industry to increase our capacity - that is, to grow more food over a longer period of time so that more Nova Scotians can have access to healthy local food, to reduce our reliance on imports, and to lessen our environmental footprint, which we discussed here today.

The loan board is a partner in all of this, and will continue to be a partner to industry and to government for many years to come. With that, I'd like to thank you very much.

BRENNAN GOREHAM: I'll keep my remarks brief as well. Thank you for the questions and the time this morning to speak to the important and valuable work that the Farm Loan Board and Fisheries and Aquaculture Loan Board are doing on behalf of Nova Scotians and for Nova Scotians. I'd also like to acknowledge and thank the leadership from our board chairs, our vice chairs, and our directors for that direct connection to the sector and the expertise and knowledge that they bring to guiding our organization.

Also, as the deputy minister referenced, our success is our clients' success, but we as an organization aren't successful without the great and hard work of our staff. I want to thank them for their work being out on the farms, out on the wharves, out with our clients, and to our accounting and finance team supporting clients with their inquiries, our risk team, and our vessel inspection program - which I know we didn't get a chance to highlight today. If anyone wants to learn more, that's one of the hallmark benefits of our Fisheries and Aquaculture Loan Board.

Again, thank you to the team. Thank you to the industry for continuing to trust in us, to come to us, to partner, and to see the benefit in dealing with a long-term lender that really is here for your success.

THE CHAIR: Thank you very much for coming before the committee today. I am going to actually have a two-minute timeout just because there are so many people who have to move out of the room and we have committee business to go to.

[10:42 a.m. The committee recessed.]

[10:44 a.m. The committee reconvened.]

THE CHAIR: I now call the Public Accounts Committee back to order. We are going to move along to committee business. We had a motion put forward by Mr. Maguire at the December 14th meeting that was left on the floor as the meeting time ran out. The motion has been deferred several times, as Mr. Maguire was not present to speak to it.

The motion was to have additional appropriation updates sent to the Public Accounts Committee, and I'll now open the floor for discussion. (Interruption) To have additional appropriation updates sent to the Public Accounts Committee. I believe that you were actually very clear that it was what was actually spent, not just the dollar amount, but the details. MLA Maguire.

BRENDAN MAGUIRE: The motion was just for a more detailed approach, which we've gotten in the past: where the money was spent, what community it was spent in, and how much was spent. Pretty simple stuff.

SUSAN LEBLANC: This is from the finance . . .

BRENDAN MAGUIRE: Which they said they had. (Interruption)

THE CHAIR: Folks, I'm just going to ask you all to be recognized before you speak. (Interruption) No, I didn't say that. I might have been thinking it, but I didn't say it. Is there any discussion? MLA MacDonald.

JOHN A. MACDONALD: At that meeting, the deputy minister said they would make the information available online. For me, I'm not going to support it because they're already doing it. I'm not adding another bit of document here. However, they said they'd go through it and I will say that if they're not doing it by September, I would have no problem supporting it after that, if they're not doing what they agreed to.

I believe the deputy minister said very clearly that she would. I trust the deputy minister will do her job, so I'll be voting no.

[10:45 a.m.]

THE CHAIR: Any further discussion?

All those in favour? Contrary minded? Thank you.

The motion is defeated.

Committee meeting time was already on the agenda, and then I think you had approached me about something else. So committee meeting time - MLA Young, did you want to discuss that further?

NOLAN YOUNG: I wasn't here at the last meeting. I think it was MLA Sheehy-Richard.

THE CHAIR: MLA Sheehy-Richard.

MELISSA SHEEHY-RICAHRD: Yes, I did bring that up last committee, and after further fulsome discussion with my colleagues, it unfortunately didn't work for some. So I'm not going to be moving forward with that request with respect to the other committee members.

THE CHAIR: In terms of correspondence that came in, we had a letter from the Department of Natural Resources and Renewables. That was information that was requested from the January 11th meeting. Is there any discussion on the correspondence? Okay.

MLA Maguire, you indicated to me yesterday you wanted to make a motion.

BRENDAN MAGUIRE: I'll just be quick. We all know it's in the media. The UARB just approved a 14 per cent rate increase, which Nova Scotians cannot afford. I think as a committee, we need to stand up. We need to figure this out. This is a matter of public policy because it's money and public expenditures, because money is being sent to Nova Scotia Power for a whole host of projects.

Therefore, I move that the Public Accounts Committee have an emergency meeting next Wednesday on raising power rates and the decision of the UARB. The witnesses would be Deputy Minister of Natural Resources and Renewables, Karen Gatien; NSP CEO, Peter Gregg; representatives from Nova Scotia Power; and the UARB Chair, Stephen McGrath.

I think that we need to bring them here. They're approaching the UARB saying that their expenses are out of control, and they need more money. A lot of that money comes

from government grants, loans and funding, so we need to figure out where their money is and why they need a 14 per cent rate increase to protect Nova Scotians.

THE CHAIR: Any discussion? MLA Coombes.

KENDRA COOMBES: It's more a question. I see that we have an in camera briefing on that date. So we would just eliminate the in camera briefing and go right to a public meeting?

BRENDAN MAGUIRE: Yes.

KENDRA COOMBES: Perfect, thank you.

THE CHAIR: Any further discussion? Mr. Young.

NOLAN YOUNG: I think with regard to Nova Scotia Power, the Auditor General herself spoke about the costs associated with this Province would be negligible. However, I would urge MLA Maguire, as always, if there are topics for further discussion that he'd like to bring before the sub committee, to bring those topics forward during agenda setting.

THE CHAIR: Mr. Maguire.

BRENDAN MAGUIRE: I'll be quick on this one. The truth of the matter is that we were told the other week that the topic committee is a couple months out - two to three months. Nova Scotians can't wait. They can't bear a 14 per cent rate increase. If you think they can, vote your conscience. I would now call the question.

THE CHAIR: The motion is to suspend next week's in camera meeting, replace it with an emergency meeting calling the witnesses that MLA Maguire has outlined previously. That was the CEO of Nova Scotia Power, the head of the UARB, and the Deputy Minister of Natural Resources and Renewables.

All those in favour?

THE SPEAKER: The clerk will conduct a recorded vote.

[The clerk calls the roll.]

[10:50 a.m.]

YEAS

Susan Leblanc
Kendra Coombes

NAYS

Nolan Young
Tom Taggart

Brendan Maguire
Kelly Regan

John A. MacDonald
Melissa Sheehy-Richard
Kent Smith

THE CLERK: For, 4. Against, 5.

THE CHAIR: The motion is defeated.

Is there any further business? Seeing none, our next meeting date is February 15, 2023. It's an in camera briefing with the Office of the Auditor General on the Nova Scotia Community College, regarding accountability reports, skilled labour shortage, and continuing care assistants recruitment initiatives and programs.

If there is no further business, I now adjourn the meeting.

[The committee adjourned at 10:52 a.m.]