

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, March 20, 2024**

**COMMITTEE ROOM**

**2024 Report of the Auditor General: Value for Money of Over-Budget Spending**

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## **Public Accounts Committee**

Hon. Kelly Regan (Chair)  
Nolan Young (Vice Chair)  
Tom Taggart  
John A. MacDonald  
Melissa Sheehy-Richard  
Danielle Barkhouse  
Braedon Clark  
Susan Leblanc  
Lisa Lachance

### **In Attendance:**

James de Salis  
Acting Committee Clerk

Sherri Mitchell  
Support Clerk

Gordon Hebb  
Chief Legislative Counsel

### **WITNESSES**

#### **Department of Finance and Treasury Board**

Kelliann Dean - Deputy Minister

Geoff Gatien - Associate Deputy Minister and Controller

Lilani Kumaranayake - Associate Deputy Minister

Robert Bourgeois - Executive Director, Government Accounting



**HALIFAX, WEDNESDAY, MARCH 20, 2024**

**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 the Chair of this committee. A reminder to all our participants today to please place your phones on silent. I will ask committee members to introduce themselves. Today, we will begin with MLA Leblanc.

[The committee members introduced themselves.]

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

On today's agenda, we have officials with us from the Department of Finance and Treasury Board with respect to the 2024 Report of the Auditor General: Value for Money of Over-Budget Spending. I will ask witnesses to introduce themselves, beginning with Ms. Kumaranayake.

[The witnesses introduced themselves.]

THE CHAIR: I'll invite Deputy Minister Dean to make opening remarks.

KELLIANN DEAN: Thank you for the opportunity to contribute to today's discussion on the Auditor General's recent value-for-money audit report. I'll provide some introductory remarks and then together we will respond to any questions that you have.

The Department of Finance and Treasury Board has a responsibility to ensure we continue to meet the high standards set out for us by the Legislature and by public sector accounting principles so that Nova Scotians can remain confident in the overall management of our province's finances.

There have been some comments in the Legislature this week regarding the quality of the fiscal management of the province. I want to assure this committee and all Nova Scotians that the fiscal management provided by the professionals at the Department of Finance and Treasury Board remains uncompromised and continues to meet a high standard. This has been recognized and affirmed with recent commentary from the three major credit rating agencies that monitor senior governments across Canada.

The Auditor General plays an important role in providing an independent view of public sector performance and accountability. We respect her role and value our positive working relationship with her office. In the value-for-money report, the Auditor General and her team offer observations and recommendations which are worthy of consideration and discussion. Our department, along with the Executive Council Office, carefully reviewed the report and will take steps to ensure relevant policies and processes are as clear and strong as they can be to support government decision-making.

We accept the recommendation regarding guidance for departments in preparing grant and subsidy agreements with a focus on protecting public funds. Our review of the policy will consider issues raised in the report, such as designating the use of interest on unspent funds. We agree that the purpose of unused funds should be explicit.

Enhanced terms and conditions on grants and subsidies will be in place by fiscal 2025, as we agree that a strong policy framework supports consistency across government and protects public funds. Our department will also work with the Executive Council Office to ensure staff assessments are completed for grant and subsidy submissions when they are required to facilitate decision-making.

While we take the Auditor General's advice under advisement, we are unable to accept all of her recommendations exactly as prescribed. They are too specific in that they focus on an approval process which is in the purview of the elected government. Department officials cannot accept a recommendation to change process that necessarily requires flexibility.

Cabinet decision-making was discussed in a recent Supreme Court of Canada decision. The court recognized that the dynamic and fluid nature of executive decision-making necessitates a flexible process and extends beyond formal meetings of Cabinet or

its committees, that priorities may be revised at any point throughout the process, whether due to Cabinet colleagues' views, advice from civil servants, or events and changing circumstances; and that there are many ways in which Cabinet can be provided with information by which to make its decisions, and some circumstances may not permit the rigidity of a standard process.

Chair, I want to assure you and committee members that we are not trying to be obstructionist by not accepting the Auditor General's recommendations. However, we want to ensure that there is a clear understanding that this is the context in which we work and navigate every day.

Nova Scotians rely on their government to be responsive, whether that be due to extreme weather events such as forest fires, floods, hurricanes, or major snowstorms, or because priority areas need additional investment, such as health care, housing, communities, and economic development. No priorities are static, nor are the Province's financial circumstances.

I'd like to touch on the Province's higher-than-expected revenue over the past couple of years, which provided government with the means to make additional investments and close out the years with surpluses. Like other provinces, our team of experts use economic forecasts and revenue models to estimate forward-looking budget revenues. The availability of data is time-lagged by as much as 18 months, and there are many factors that may impact revenue over a given year, so they use a robust planning approach and seek independent opinions about the reasonableness of their assumptions. Then they track upside and downside risks and re-forecast through the year.

Having come through one of the most volatile periods in our economic history in decades, Nova Scotia was not alone in grappling with our forecasts. Our province's population and economic growth surpassed expectations, which is one of the reasons we saw revenue growth beyond what we projected in our budget documents.

I would also like to reiterate that the department's position on amending the Finance Act remains unchanged. Consistent with my comments during our last meeting, government has not determined that it is necessary. The core principle of government decision-making using additional appropriations predates 1989 - the last time the Provincial Finance Act was consolidated - and in 2010, the previous legislation was replaced by the current Finance Act. At that time, the Auditor General was satisfied with government's actions on additional appropriations.

The current approach has been used by all governments since. Executive Council uses its authority to consider and make spending decisions.

The current process means that before additional spending has occurred, Executive Council has considered and approved it, and then it is tabled in the Legislature. In some

other jurisdictions, the spending has already occurred and then it is discussed in the Legislature.

The department will continue to follow the legislation in place. We believe it provides sufficient transparency and timely accountability over how public funds are spent.

In response to our current Auditor General's recommendations, we have made more information about additional appropriations available to the Opposition and the public. Staff explain investments during media briefings, the minister is accountable to Nova Scotians and the Legislature, and more detailed information is posted online. It is clear to me that our reporting has improved as the result of our ongoing dialogue with the Auditor General.

In closing, I'd like to state that my colleagues and I recognize that it is in our best interest to have policies and processes that reflect a high standard in serving the elected government so that Nova Scotians can be assured they are receiving good value for money.

We look forward to addressing the members' questions today.

THE CHAIR: We will have two rounds of questioning. The first one will be for 20 minutes. We will divvy up the available time for the second round of questioning. As the witnesses are aware, when we reach the 20-minute mark, I'll just be interrupting them. I'm not being obstructionist or rude - I'm just trying to be fair to everyone.

With that in mind, it is now 9:09 a.m. The first round of questioning goes to the Liberal caucus.

MLA Clark.

BRAEDON CLARK: Deputy Minister Dean and everyone else, thank you very much for being here this morning. I appreciate it.

I wanted to start by clarifying something, perhaps, that I think has been maybe misrepresented, if I can be kind. As a member of the Opposition, I am not opposed to additional appropriations inherently. Obviously, they have a role to play. Things happen, new opportunities come, natural disasters happen. Of course, no one has disputed that additional appropriations can be necessary and are necessary, essentially, on a yearly basis. My objection is around accountability and transparency for the Opposition and for the public.

As you laid out, deputy minister - and I'll direct my questions to you, and if others need to chime in, I'll allow you to stick-handle that. You laid out a scenario where other provinces have basically a system whereby additional appropriations are made throughout

the year, the money is spent, and then when we get to the budget process at this time of year generally, it is discussed at the Legislature. What's wrong with that as a system?

THE CHAIR: Deputy Minister Dean.

KELLIANN DEAN: What I will say to that is we have a legislative framework in place that has been approved by government, and that is what we're following. We have prescribed legislated times during the year where we have to report forecast updates that talk about any additional expenditures. We're not required to actually come in to the Legislature to do that. We feel there is a good level of transparency and accountability under the existing framework.

I would say that if government determines it wishes to change that legislative framework, we'll follow it, but the way we are proceeding now, we believe provides Nova Scotians with the assurances and accountability that is required. I would add that provinces vary in terms of how their elected governments want to proceed. We're following what our elected government has chosen to do in terms of the decisions around our legislation.

BRAEDON CLARK: In terms of budget forecasts and other tools that exist - those do exist - and as you say, the Minister of Finance and Treasury Board comes forward a few times a year and says: This is where we think we are going forward. I think that's a bit different and not as clear as coming to the Legislature this time of year and saying: These were the 15 additional appropriations we made this past year, this is the list, this is the project, this is the amount of money - similar to what we saw in the Auditor General's report. That gives us as Opposition members a real insight into the decisions that are made.

I also want to clarify a point that we raised with the Auditor General. I'm curious what the department's position is on this. If the Finance Act were to be amended as I've laid out, where basically additional appropriations would come to the Legislature for discussion - not necessarily for a vote, but at least for a discussion - would that change the on-the-ground impact in any way? Would projects still be funded and still be allowed to proceed under that system as they are now?

KELLIANN DEAN: We don't think that there would be a material difference, but I'm going to ask Associate Deputy Minister Geoff Gatién to speak to that.

THE CHAIR: Mr. Gatién.

GEOFF GATIEN: One of the things that I struggle with is that a discussion or vote after the fact from a value-add standpoint is questionable to me. Right now, the Act which we operate under was passed in the House, so it is in accordance with our system of government. We table all the documents in the House if the House is sitting and with the Clerk if it's not.

The information is available to all members of the House on a timelier basis with the way our Act is structured right now because I believe we have within 14 days after receiving the Order in Council to table it if the House is sitting, and with the Clerk if not.

[9:15 a.m.]

I think most of the context of discussion I've had with the Office of the Auditor General is an idea of voting on it after the fact. I'm not clear what all jurisdictions do, whether there's legislation voted on or whether it is tabled and discussed formally, but I think through processes like this, through processes like the proceedings of the House, there is opportunity for the discussion to happen. With that, I become professionally comfortable with the accountability that's built into the Act and the transparency, which as Deputy Minister Dean referenced, has been improved over the last couple of years to make information more accessible to the public, and I believe more accessible to members of the House.

That's where professionally, I'm very comfortable with the structure of our Act. Even though it's different from other jurisdictions, I don't see a significant shortcoming. But again, as Deputy Minister Dean has said, if the Act were to change, we would operate within those confines. When we have an Act that we're able to work with, that we think we are professionally fine with, and is respectful of our form of government and what was passed, I don't think it's my place to say it has to change or should change.

BRAEDON CLARK: I appreciate the commentary. The distinction I would draw would be between financial accountability or comfort level from department staff versus my role and our role, which is democratic accountability. I think those are two different things. I'm not asking you to weigh in on that, but I think that's where I see a shortcoming from my perspective as an Opposition member. Again, I don't think there would be a difference in the outcome, and I think that's really important.

I just want to go back to something that Deputy Minister Dean talked about at the beginning, which is that things happen, government needs to respond, government needs to be nimble. As I said at the beginning, I agree with that, of course. There are circumstances where things need to change quickly. However, we've also seen from the AG's report that looking at 2021-22 and 2022-23 projects - the 11 that were looked at at the time when the report was done - I believe I have this right, 86 per cent of the money of the \$433 million, had not been spent at that point. So I wonder how quickly we needed to move on some of these projects if 18 to 24 months after the fact, the vast majority of the money has still not been spent, and if it would have been more reasonable to move that out of the additional appropriations process and into the formal budget process on a yearly basis.

THE CHAIR: Deputy Minister Dean.



KELLIANN DEAN: What I will say is that in terms of the decisions that are made for making investments in some of these areas, it's extremely helpful for some of these organizations to have the money in advance so that they can make longer-term plans. Although the money may not all be spent in one year, it isn't necessarily provided with that intent. It depends on the organization and what they're planning to do. When decisions are made for additional appropriations, like were outlined in the Auditor General's report, they're made based on a decision that government feels is aligned with their priorities and their fiscal capacity. They're making decisions based on what they know in the moment and what the revenues look like, and what they're able to spend in a fiscally responsible manner. The fact that the money isn't all spent right away, that may not have been the original intent. I would flag that in terms of purpose.

Geoff, is there something else that you would like to add? I know there are examples of investments that have been made previously, like in an internet trust, where there is money that is put in a trust so that it can be expended over time to achieve certain objectives. There are examples where it's not always intended that it be spent in that year or in one fiscal year or two fiscal years, but when they have the revenue certainty, there is an opportunity to look at how best to make that investment.

THE CHAIR: ADM Gatien, did you want to add to that?

GEOFF GATIEN: I was going to add just a little bit on elements like the Nova Scotia Internet Funding Trust, where it was established with - I believe it was about \$193 million. It was not anticipated to be drawn down on quickly, but it was to show Nova Scotians, to show communities, that there's a path to improve rural high-speed internet and signal to service providers that there's money here if you bid, if you come up with an idea that works.

Going back further, there were some Crown share trusts established in fiscal 2007-08. A Student Bursary Trust was established, a Land Legacy Trust and some offshore research and development. We do have numerous examples where governments have made decisions during changing circumstances that did involve increased revenue where priorities were able to be advanced, I think with the expectation that having money available would catalyze other interests, and by times other contributions as well. Smaller examples, I think, might have been a contribution to the Ronald McDonald House Charities a few years. That sort of signals to community and other levels of government that we're in it, and if others want to contribute money, it's going somewhere.

BRAEDON CLARK: Also, perhaps to pre-empt criticism from the other side, I want to be clear that there's a big difference between saying that the process by which these projects are funded is flawed - and I believe it is - and saying the projects are bad. That's what, to be honest, I've heard from the other side lately: that we don't want EfficiencyOne to get money, we don't want SMU to get money, we don't want CBU to get money. That's incorrect. Those projects very well could be good projects, but the fact that they're getting

tens and in some cases hundreds of millions of dollars under a process that I think is flawed is a different argument. I just want to make that point before my government colleagues get a chance.

I wanted to ask about the SMU project in particular - \$25 million for a health-information program. In the AG's report, it laid out that in the AG's view, that project had no clear goal for the funding, no performance metrics to judge the outcomes based on the funding, and no clear timeline or path forward, essentially, for what the \$25 million was going to be used for.

If that's the case, I wonder, from the department's view, how do you judge whether that \$25 million investment is a good one for Nova Scotians without those parameters in place ahead of time?

THE CHAIR: Deputy Minister Dean.

KELLIANN DEAN: All of these specific projects are the purview of various departments. Those departments are going to be working with these entities with respect to their planning and their programming.

What I will say in terms of the decision-making process is that the information elected officials use to make these decisions isn't solely based on documents provided by civil servants. There are other conversations, other information, other ways, other means for them to gather perspectives, information, and data, and make decisions.

I will say that government decided that it wanted to make an investment in this area, and the department will be working with the entity in order to ensure that there is accountability and then there is follow-up.

Do we think that there's an opportunity to strengthen that follow-up at the department level? Yes, we do, and we've accepted the AG's recommendation in that respect. We've committed to working through our grants management policy that all departments will use - and they do use. It's fairly new. We're looking at it to see how some of the areas of concern that the AG raised could be addressed by making some amendments and strengthening that policy as well. Again, that becomes a departmental accountability, working with the entity to ensure that there is value for money for Nova Scotians.

BRAEDON CLARK: Deputy Minister, you mentioned documented support and so on. A few years ago, I had a chance to work in departments for a few years which was really instructive, and many Cabinet submissions came through those departments over the years that I was there, and I don't recall submissions coming forward that didn't have some kind of documented support to it.

I wanted to just talk about Recommendation No. 1.3 in the Auditor General's report and the department's response, and there's one sentence in particular that I'll quote here that struck me when I read it. The department's response to Recommendation No. 1.3, this is on Page 11 of the Auditor General's report, just in case you have it in front of you, it says: "Where submissions to Executive Council and its committees provide opportunity for documented support, the Department of Finance and Treasury Board commits to working with Executive Council Office to ensure consideration of these matters is included."

The first clause there, "Where submissions to Executive Council and its committees provide opportunity for documented support," I'm curious: Is the department's view that submissions to Cabinet can or should exist without documented support? These are big decisions that are dealing with tens, hundreds of millions of dollars. Is it appropriate to make those decisions without any kind of documented support, and if we don't have it, then how do we judge the effectiveness of those decisions?

KELLIANN DEAN: It's a bit of a complicated question because there are multiple ways that information can be gathered to use in decision-making by government. We do work very closely with Executive Council and do our best to provide as much analysis and support as possible. There are times when you are working within a short deadline, within a tight timeframe where it doesn't allow the same amount or the same degree of information to be provided necessarily in a documented form.

People can come into a room and discuss an opportunity, make representations verbally to Cabinet. There are other ways information gets shared. We're not saying that we don't think there should be good, solid advice being provided, but we're saying it's not always coming in the form of an absolute document or a full staff assessment. Wherever possible, we believe that it's appropriate to do so and we want to provide the best information and analysis possible, but there are circumstances that happen where that is not always the case.

Did you want to add anything to that, Geoff?

THE CHAIR: MLA Clark, are you okay with more information? ADM Gatién.

GEOFF GATIEN: This really does get into the nuance of the recommendations and a lot of the back-and-forth we had with the Office of the Auditor General on this with the necessary flexibility that was referenced with the Supreme Court commentary as well. I'm not a legal expert, but we work closely with Executive Council.

We can't accept a recommendation that says we need to change a process, that we need to produce a document to facilitate a decision. Government has the right to make decisions, and when they have information from other parties, from other sources, and they know what they want to do, if there's an urgency, a time sensitivity, an opportunity, they

do have the ability to make the decision. I do like to think it's one of the benefits of having senior officials who've been around for awhile who, as decisions are made, we can support decisions, we can discuss things, we can highlight risks, we can give some thoughts and opinions. We can't always have a documented analysis of our own that we've done, because we may wind up holding things up, and it's not our process to hold up.

[9:30 a.m.]

That does get into the nuance of the recommendation that Deputy Minister Dean referenced in her opening remarks.

THE CHAIR: MLA Clark, you have 30 seconds.

BRAEDON CLARK: I will save my other questions for the few minutes I have after this, I assume. I just want to be very clear that I totally agree that Cabinet, no matter who is in power, makes decisions, can, should, and must make decisions. My only point is I think there are accountability measures after the fact to say, Yes, we made a quick decision. Was it a good one? Yes, no, maybe. I think that's just the final point I want to make.

THE CHAIR: Order. We'll now move on to NDP questioning. We will begin with MLA Lachance.

LISA LACHANCE: Since we're sharing some of our philosophies around additional appropriations, I also just wanted to start off by stating kind of where we're at. Should government have the ability to react to an urgent situation? Absolutely, 100 per cent, no question. But even in situations of urgency, there should be limits and oversight. I think there are models of how decision making facilitates this that are much more accountable than what we have before us these past couple of years.

We're having this conversation now for a few reasons. Yes, the Act was updated in 2010, but the actual proportion of the budget that is spent - the proportion of the total government spending spent outside the budget cycle has increased radically to about 10 per cent. We now know, and maybe - I can't remember if we knew in 2010 - but we now know that we're out of step with other provinces and territories. I do think in Canada we have a long tradition of excellent public administration and public service and lots of people thinking about this, so if we're completely out of step with the rest of the country, I think that signals a challenge.

I think the other reason is that urgency and opportunity are two different things. What the Auditor General found that was honestly very evident prior to this report is very clear. There was in the sample that they examined - one that I watched particularly closely, which were the allocations to post-secondary institutions - there was actually no immediate need. There was no emergency for which Cape Breton University needed \$58.9 million.

There was no emergency at Saint Mary's University for which they needed \$25 million. Not only that, but those opportunities were coming at the time of budget. It would have been really easy to have said, That is an excellent opportunity and we need to make it clear.

I understand that you can't change the Finance Act, but I think it's pretty obvious why we have to have these discussions about this. This is not about hurricane response. This is not about flooding response. This is not about wildfire response. That is not what we're talking about here. What we're talking about here is funding that went out the door at the end of the fiscal year.

I always thought of March Madness as sort of like office chairs, but this is huge amounts of money going out in March when there's just no reason for it not to go to the Legislature basically within the same month.

I think we need to be clear. I'm disappointed to hear - there was a reference that you're not aware of what all the jurisdictions do. I thought that there had been a jurisdictional scan. I'm wondering if Deputy Minister Dean can confirm whether or not an in-depth jurisdictional scan of what other provinces and territories do has been completed by the department.

KELLIANN DEAN: Yes, we do have information on what other provinces do. It isn't something that we've been actively engaged in at the moment, because we haven't been asked to make recommendations for changes, but we do monitor what other jurisdictions do.

What I will say again is at this point is we believe that what we are doing - we're following the legislation that has been put in place for us, and again, if there is a desire to change that, we will implement changes. That is not our decision to make in the Department of Finance and Treasury Board.

LISA LACHANCE: With respect, I would suggest that in fact the department has been asked to understand this issue. It has been asked by the Auditor General. There is a great deal of public discussion about this. There's obviously a great deal of concern on the side of the Opposition.

From my time in government, obviously ministers come into portfolios without the expertise, most often, in that particular sector. It is the department's role to be scanning the other issues and being ready to provide advice. I was going to try to do some examples in other portfolios, but you get the idea. What's happening, what's on the horizon, what's changing, what should we be talking about? I would say also to protect your minister. This is a hugely damning report. Has the department prepared any briefing notes, any reports? Has anything been provided even in a proactive approach to the minister for consideration?

KELLIANN DEAN: We have ongoing discussions with our minister on a regular basis with respect to the financial status of the Province, what we're doing, what departments are doing. We have conversations about processes and how we are providing information that aids in decision-making for Treasury Board and for Cabinet. He's fully aware of this situation, and he's fully aware of the report. I believe that his position remains that he is satisfied with the current legislation, and to date, we have not been given instruction to make any changes. He does believe that there is sufficient transparency and accountability in the current processes and procedures that we follow, and as you know, those are guided by the legislation that's in place.

What I can say is that we can continue to have conversations, but our position is that we're continuing to provide the level of transparency and accountability that we are required to do and prescribed to do under the Act. We'll continue to do that until there are changes.

LISA LACHANCE: As you know, we're engaged with the minister in discussions on this, and providing alternative ideas about how government can absolutely respond to emergencies, meet its priorities, take opportunities. We're not suggesting that, but that it can be done in a more accountable way.

I am curious. The Auditor General reviewed 17 per cent of unbudgeted spending projects. I'd be very curious to see what they would find if they reviewed more of these or if they reviewed more of the overall spending envelope in terms of the standards that I actually think are just what we should be expecting in terms of public sector financial management.

Do you think there should be a contract? Do you think there should be deliverables? I do think that there should be a conflict-of-interest clause. I know that those things are being updated, but I think I'm deeply concerned by how a lot of this money went out the door - and I don't even know the story about the rest of it. I really think that we've moved past the point where we should accept in government decision-making - and I say this having had some experience in two levels of government - where discussions and conversations result in a cheque being written.

The discussion and conversations, absolutely - sometimes those take years to come to fruition, sometimes those are overnight. I understand that. In your own personal life, perhaps you've been planning a major renovation over years. You have lots of ideas, but you probably don't let people start tearing apart your house before you sign a contract of what's going to come out of it. I don't think there are many people who would expend relatively the same amount of money out of their personal budget without having some paperwork behind it.

The SMU decision is a great example. I'm a big fan of SMU and I think they're doing great work across their programs, but I'm wondering if you can talk through how the department became aware of the decision to provide money to SMU.

THE CHAIR: You have just over 10 minutes left. Deputy Minister Dean.

KELLIANN DEAN: I'm just trying to figure out the best way to frame this. There are a number of the additional spending decisions that have been outlined here. Our role in the Department of Finance and Treasury Board isn't to delve into each and every one of these. These are department-led. We are a convener of the information, and we support the decision-making around this with Cabinet, with Treasury Board.

The Department of Finance and Treasury Board would not be delving into each and every one of these in terms of exactly what it is. The department has a responsibility to provide information and to provide some rationale and to bring the opportunities forward.

I'm not trying to be not accountable at all. I'm just trying to explain that there is a process that involves us, as the sort of overseer and convener, and the departments themselves. As you can see here, many of them would have relationships and agreements with some of these entities. We provide the information we can to our decision makers, and those decisions are made.

Where I completely agree with you is after the fact, when there is an opportunity to ensure that those agreements are strengthened and that they're followed and that there are good clear deliverables so that public money is spent appropriately. We agree that we should have conflict-of-interest guidelines, that anything with respect to interest accrued should be included and directed. We also agree with the Auditor General that there are some parameters around administration that could be added.

We do see our value add in working with those departments to strengthen those agreements. I just wanted to provide that clarity. I hope that answers your question.

LISA LACHANCE: I think what I was asking was to walk us through a couple of these decisions. You touched on the role of the department. Anyway, perhaps you can explain this to me. I think it's important for the Department of Finance and Treasury Board to take what is happening in other departments - you're right. Your role isn't to know what investments should be made in post-secondary education or health care or anything. That's not the role of the Department of Finance and Treasury Board. But where you come into that is making sure the system is there to facilitate the disbursement of funds, but also to administer accountability.

When Treasury Board sits, are there decisions currently being made that don't have any documentation provided at that meeting, for instance?

KELLIANN DEAN: I would say that in general, there is documentation that supports decision making at Cabinet committees. Then there might be exceptional circumstances where other information is also provided, or not every single document is the same. I recognize the need for good due diligence and process, and I believe that for the most part, that is respected. I think what we're talking about here - there are some exceptional circumstances where you may not have every prescribed piece that you may ordinarily have, but that doesn't preclude the fact that other information may come in other ways and that ultimately, our decision makers have to be confident that they have the information that they need to make those decisions.

[9:45 a.m.]

THE CHAIR: MLA Leblanc.

SUSAN LEBLANC: Just a couple of quick questions. When the government gives out money - I'm not talking about these big giant projects, but to food service organizations or cultural organizations; I'm talking about grants between \$20,000 and \$500,000, at that level - are those organizations required, if they have a surplus or if they decide to spend extra money at the end of the year, to report their reasons? How do we keep track of those smaller organizations or those smaller amounts of money, if we transfer this idea of March Madness spending outside of a budget? How are they required to report that spending?

KELLIANN DEAN: For those types of grants, in general I will say the departments that are administering those grants have relationships with these organizations. Some of them have existing service agreements, so they would have frameworks in place, and they would have requirements to report. Again, for our grants management work that we're doing, we can also work with departments to ensure that if they're not robust enough, we can help them develop better agreements with these organizations and institutions. What I will say is that for the most part, the departments do have these arrangements in place and would be working with those organizations.

SUSAN LEBLANC: That makes sense to me, and I think it would make sense to the Auditor General. It makes sense to me if we're keeping track or requiring small organizations that are administratively burdened to report and follow guidelines, then our government - we're talking about big, giant chunks of money - should be doing the same thing.

My next question - this has been asked by my Liberal colleague, but I want to go back to it. In terms of a reporting mechanism, aside from tabling a decision with the Clerk when we're not in session - which, let's face it, can go under the radar pretty easily - what is wrong with having a mechanism in which we call the Legislature back for a day - or even the Public Accounts Committee, for that matter - to look at a list of extra expenditures? Obviously with a majority government, nothing is going to change, but just so that there is some public accountability, what is wrong with that process?



KELLIANN DEAN: Nothing is wrong with a process like that, but I would say we also believe that the process we're following is appropriate and aligned with what the expectations are, and that we're following our legislation. What other jurisdictions do works for them. Again, I will say if there's a desire for change, we will implement that change.

SUSAN LEBLANC: I would say there is a desire for change. Maybe not from the governing party, but there's a desire from the public of Nova Scotia. There's a desire from the Auditor General, which is an independent office. There's a desire from certain MLAs in the House. Unfortunately, this hard nut to crack which is called a majority government is essentially why we're not improving these practices.

I would also say that just because a piece of legislation is being followed doesn't mean it's not bad legislation. I understand that it was the NDP government that brought in that change to the Finance Act, but we also used to have horrific laws around putting people to death when they broke a law, and those laws have been reviewed and realized that they are not good laws anymore. Obviously, I think that just because something is being followed to the letter of the law doesn't mean it doesn't need to change.

My other question is: In a world where . . .

THE CHAIR: Order. Time for NDP questioning has elapsed. We now move on to the PC caucus.

MLA Sheehy-Richard.

MELISSA SHEEHY-RICHARD: Thank you again for being here today. First of all, I would just like to take a moment to say that we do value the work and the recommendations of the Auditor General and her team that they do. But more importantly, we value and trust the work that you do on government's behalf.

I think there are two key things that we're talking about: a regular budgeting process that's happening now, and when government sees the need to be nimble and work with surpluses when the forecasting is done. There are budget updates for a reason.

I also just want to talk about how these additional appropriations can work. In particular, Opposition was wanting to do jurisdictional scans, but if we look next door to our neighbouring province of New Brunswick, it's been in the news - and in fact, my MP has been quite vocal about the fact that they sit on record surpluses that their government receives quite high criticism about for not being able to be nimble, to not be able to provide tax relief or investments in health care and addressing the housing crisis.

Also, additional appropriations - I guess what I'm asking, in a long round of a way, is can you kind of explain the differences between a regular budgeting process that you're

doing, that we're going through now, versus the additional appropriations that are spending out of a surplus?

THE CHAIR: ADM Gatién.

GEOFF GATIEN: Sure. Thank you for your appreciation of the work of the Auditor General and ourselves, and for the question.

I'll try to be relatively brief. The budgeting process, as has been referred to a few times, begins very early. I would say September would often be when formal discussions start, and then it starts to roll out from there. The budget process is robust. It is an opportunity, I believe, for the bureaucracy to revisit what we do and how we do it, and circle back through our elected officials in government about priorities and areas to be addressed.

While all of this is happening, we also have our economic team looking at all the various data points - information from Statistics Canada and CRA about what's taking shape in the economy - everything from employment to different sources of revenue and consumer spending. We do a very thorough review of what I would say our sort of fiscal parameters are, where we would look at revenue, and then we would look at what the previous fiscal plans have been and doing our best to stay within, advising government about changes, whether it be additional capacity, or other times, if other commitments are coming on, if there are constraints.

Through that, that feeds into the development of the budget. It is fluid. We get changes at different times, and we don't have perfect visibility as to the data points coming in. Leading up to budget, we're continually working with Lilani's team about what's taking shape there.

Then we go through the appropriations, and in that, we're looking at all the activity of the departments - base budgets, utilization pressures, wage pressures. We're looking at the context of a whole appropriation and what trade-offs may need to be made throughout government in order to achieve policy outcomes, which of course are departmental priorities, but it's also the fiscal plan. The fiscal plan is the medium-term view on the four-year fiscal plan of fiscal capacity and what government's expectations are. We try to manage all of this as we're going through the budget process. That results to the Estimates debate after the minister tables, ultimately voting on the appropriations that encompass the whole activity for a complete year as best as we know. We do have numerous spots through the budget documentation about the risks and uncertainties, being very clear and transparent to anyone who flips through or is able to attend one of our briefings about the risks and uncertainties on the economy revenue expenses.

Then the year starts: April 1<sup>st</sup> comes, and sometimes we have a passed budget, sometimes it's later into April or May - it's different timing. The additional appropriations,

we tend to manage those around our forecast updates. They can happen off that cycle if something material happens where it is clear a department will have a pressure, but oftentimes we line up the additional appropriation submissions with our forecast updates because there's a thorough review, not only by departmental officials but our whole finance team, about what it looks like to get to the end of the year. Do we think there's pressure that can't be accommodated within the appropriated amount?

When the answer is yes, it drives an additional appropriation. That can be on any activity: that can be a utilization pressure, it could be some new staffing hires, the wildfire responses. It can also become new initiatives if there is a revenue increase. Additional appropriations are more focused on those in-year changes, and that's where we become comfortable with the accountability and transparency of explaining the deviation from our budget through the forecast process with the additional appropriations. We feel that's a high-level of transparency and accountability. As decisions are being made, the public is being made aware right away, and they are being tabled in the House if the Legislature isn't sitting. I will be honest, I'm not sure what happens to documents that are tabled in the House, how accessible they are. Through that, we have that level of review periodically, and it's required by the end of December.

One thing that I will add, which also makes Nova Scotia an anomaly amongst all other jurisdictions in Canada, is through our budget process, the Auditor General reviews our revenue. I believe that's actually a very good thing, as well, even though no other Province or the federal government has their Auditor General comment on their revenue. I believe that's one of the factors that gives a high degree of credibility. And I would like to think from a budgeting context we have good credibility when we have the Auditor General who is able to give us a report. It's not at the audit level because it's a bunch of Estimates, but that's very helpful. I think that helps build credibility in our budget from our fiscal capacity and planning standpoint. We do have the economic challenge as well, which is very helpful in those underlying assumptions. I hope that answers the question.

MELISSA SHEEHY-RICHARD: Yes. I think about when you say that departments forecast a budget. The Department of Agriculture was hit particularly hard in the last couple of years, whether it was the polar vortex. - and funding was rushed out the door so that the uncertainty of the wine industry, in particular in the Annapolis Valley, wasn't at this point of - We don't know the outcome of the damage that we're going to sustain. We don't see that, but we wanted them to feel the security of knowing that when the need is there, they would be able to have that funding for those who did experience some of that significant impact.

I do feel that you can budget, and you can forecast and take everything into account, but there are times when the government needs to be agile in these situations. I wonder if you could speak to any of the ways that - maybe how this process would benefit - the process in place would benefit the average Nova Scotian, if you will?

[10:00 a.m.]

GEOFF GATIEN: Sure. The way we view the process is we find that it's beneficial to Nova Scotians - it does give government the ability to respond with proper legislative authority to those events as they come up. That's where our comfort comes from. Then when it comes time for a public forecast update, the public are made aware promptly. It's very timely. My thoughts are that members of the House are advised promptly as well through the tabling obligations.

I think it does give government the needed flexibility and comfort to respond in those circumstances. That's not to say that other processes may not work as well, but again, that's where I'll come back to say that professionally, I'm very comfortable with the process we have - that we're accountable and transparent for decisions in a timely manner.

MELISSA SHEEHY-RICHARD: I do have another question, but I didn't realize I went through nine minutes. I can pass it to MLA Young at this point.

THE CHAIR: MLA Young.

NOLAN YOUNG: Actually, you've answered most of my questions, but I just want to make a brief comment here. When we talked about additional appropriations, and it seems like there's never any discussion on it - there's no way for the Opposition to talk about this. It seems like we're talking about it an awful lot.

When you go into the Legislature, there are ample opportunities in the Legislature. I think MLA Leblanc mentioned that even the mandate of the Public Accounts Committee is to look at the expenses of what's being spent in the province. We meet more times than any other Public Accounts Committee in Canada, but we spend most of our time on policy platforming or whatever.

I just wanted to make those quick comments. There are also fiscal updates, Estimates, the Legislature, Public Accounts Committee, Auditor General, agenda-setting, the role of the Public Accounts Committee, the mandate of the Public Accounts Committee.

With those brief comments, I'll pass it over to MLA MacDonald.

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: Nice to see everybody. There's only one recommendation that was accepted by the department. I'm just wondering, is there any work being done on other things, not just that recommendation? Just because a recommendation was not done, or you didn't support it - is there any other work being done on the other items?

THE CHAIR: Deputy Minister Dean.

KELLIANN DEAN: Yes, there is. One of the recommendations talked about staff assessments. We have committed to working with the Executive Council Office on those and making sure that wherever possible, they can be provided.

I will point out too - and Lilani reminded me - that the grants management policy we have in place now wasn't in place at the time that these additional appropriations were made. I think there is a definite opportunity here to really look at that policy and makes sure it contains some of the recommendations that the Auditor General - some elements of her recommendations.

That's why I said at the outset: we value and know that our work can improve with the recommendations that the Auditor General makes. We are definitely not trying to be obstructionist here. There is some precision in the recommendations that we have difficulty with because we can't control the approval process, per se, but we certainly can enhance those levels of control that we have through revisions to our own grants management policy and working with departments to do that.

We're always looking for ways to improve and believe that is an important part of our accountability.

THE CHAIR: ADM Gatién.

GEOFF GATIEN: Just to add, I completely agree. The grants management framework - it did come to pass, I believe, as a result of the work of the Auditor General as well. We were aware of the interest. We were aware of these sorts of things doing it.

We do have a confidence that our grants management policy will be quite good, but it's very legitimate when we're saying that we look at this work, and we're going to go back and review it. But the work that we've undertaken this past year, after we got the grants management policy approved, is with Rob Bourgeois and Justin Melnyk in our office. They have held sessions across government - a number of sessions with departments, very well-attended - supported by our deputy ministers, to make it a priority of our staff, both policy and financial, to come and lean into this and support and help implement. We had a second - or a distinct session with our legal services group as well.

This all continues to be a focus of ours. When we look at things like interest provisions, should money return to government at the end, conflict-of-interest policies - those weren't concepts that were lost on us in the development of grants management, but we do want to take time to go back and make sure that we've been precise enough. We will amend where possible.

Executive Council has also indicated that they will work with us on the staff assessment process, again, where appropriate. I think we talked about that earlier. It will be active, and it is the work of the Auditor General that - I shouldn't say "that pushed us," but with the grants management framework - we recognized and accepted that, yes, we should work on it. It took us a little longer to get it done - COVID. It's complex because we have a lot of different grants, very large and very small. It took a little bit of time to make sure it was robust enough to cover everything. But it has been good working back and forth through that.

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: Just to follow up on that - and it may not be in your purview, it might be (inaudible), but I think it would fall with you. What processes are in place to ensure that with any of these appropriations the money is not misused?

THE CHAIR: Deputy Minister Dean.

KELLIANN DEAN: Generally, departments are responsible for monitoring and ensuring that the agreements that they have with organizations or entities are robust enough, and that there is no misuse of funds. This would be a departmental accountability.

Now, we are always available at the Department of Finance and Treasury Board to provide advice or to review contracts and provide some advice about what they may want to do to strengthen them or what accountabilities lie where. That's one of the key roles that Rob Bourgeois has in terms of the implementation of the new Grants Management Policy.

Again, that would be a departmental responsibility with our support.

JOHN A. MACDONALD: I would just ask if Mr. Bourgeois has any comment? If not, I'll defer my time.

ROBERT BOURGEOIS: I was going to add that part of the Grants Management framework that we've developed has three phases: the pre-award phase, the award phase, and the post-award phase. When we're looking at a grant program in a pre-award phase, we want to make sure that we are establishing and developing really good, robust agreements. That's where your stipulations and the purpose of what the funding is going to be and what you want the recipient to do with that funding. It also establishes the reporting requirements. Those reporting requirements that you want the recipients to report back to you create or build the foundation for that post-award phase of oversight and how that's being used. You want to be as clear and as concrete as you want in the pre-award phase so that the post-award phase can be managed, evaluated and overseen efficiently, but also to make sure that those funds were used for the purposes they were meant to be used for. It's that tracking and that post-monitoring phase that we want to make sure is established in the design of these programs.

THE CHAIR: MLA MacDonald, 20 seconds.

JOHN A. MACDONALD: MLA Taggart, there you go - 20 seconds.

THE CHAIR: MLA Taggart.

TOM TAGGART: Everybody knows I can't talk for 20 seconds. I'll catch you next round.

THE CHAIR: We will now head back over to the Liberal caucus. Each caucus will have seven minutes for their second round of questioning.

MLA Clark.

BRAEDON CLARK: I just wanted to go back to the issue of documentation in support of any of these decisions. Of the 11 projects that the Auditor General looked at in this report, does the department know how many of those had some level of documentation attached to them? Do we know that?

KELLIANN DEAN: I'm sorry, I don't know offhand for each specific project here. A lot of that documentation would be with the departments, so I'm sorry, but I don't have an answer for you for that one.

BRAEDON CLARK: Regarding the overall spending on additional appropriations, and with respect to the argument MLA Young made, I do think there is a problem. There's no opportunity for members of the House - government and opposition members alike - to debate and vote on additional appropriations in the House of Assembly. There is not. There are forecasts and other things that, in my view, are insufficient, and given the fact that the scale of additional appropriation spending has really exploded in the last few years, I think that's where the issue is.

I wanted to ask the department a question. In 2022-23, there was about \$1.7 billion in additional appropriations for that year. Obviously, we don't know yet for this year what that will look like - although we're certainly trending toward well over a billion again. In 2022-23, that's more than 10 per cent of the budget outside of the budget itself. I'm wondering, is there a level at which the department would be uncomfortable with additional appropriations as a share of the total budget? We're now getting up over 10 per cent. Is there a point at which that becomes a concern to the department?

KELLIANN DEAN: I'm just trying to think about - you know, there are obviously historical differences when you look at the level of additional appropriations going back several years. I also recognize that the base is growing.

What I'd like to share is that I don't want to mischaracterize additional appropriations. While sometimes they are done for - well, sometimes they contain new spending, as the Auditor General has pointed out. Sometimes they are movements of money between departments or movements that need to be taken to address labour contracts and settlements. It is not all entirely new project spending. I just want to flag that. Some of that speaks to what may be an unpredictable nature, something that is emergency, or something that is unplanned.

In terms of what's an appropriate percentage, I don't think we have prescribed that. Obviously, it has varied over the years, but I think what we must look at is: What is the priority of government at a given time? What is the context? What needs to be done? Certainly, when COVID happened, we weren't worrying about percentage of overspend. We were worried about people's health. We needed to help people and make sure the resources were there to do what needed to be done.

I don't know how productive it is to put a constraint on it, but there's obviously a need for prudence and for prudent decision making, which I believe exists. The other piece to look at is that we do have a four-year fiscal plan, so our line of sight is not just one fiscal year or the year-end and what we're looking at in terms of the end of a budget period. We're very much looking at how our expenses and our projected revenues are going to flow over the longer term, so we maintain the fiscal health of the Province and the capacity to fund the commitments that had been made over the longer period. It's not just additional when you're in the moment.

THE CHAIR: MLA Clark.

BRAEDON CLARK: In case I don't get a chance - I probably won't - thank all of you for answering my questions today. I really appreciate it.

I wanted to touch on a point that MLA Sheehy-Richard raised about New Brunswick. New Brunswick introduced their budget yesterday or maybe the day before. They have run surpluses over the past few years. The Minister of Finance and Treasury Board made the point yesterday there that they don't expect boom times to continue forever in terms of revenue. That's why they are being, in his view, prudent with spending and running a small surplus - I think \$40 million this year. They don't expect revenue to go up forever, and that will have consequences over the next few years.

What is the department's view on revenues over the next few years? Do we anticipate historic growth, or do we see that levelling off soon?

KELLIANN DEAN: Yes, although Nova Scotia has experienced record-breaking population growth, which has contributed to our revenue increases, we do see into the future that we're projecting that may slow and the economy may slow.



[10:15 a.m.]

I'm going to ask Lilani to speak to you about that because Lilani's division of the department handles the revenue estimates and the modelling that we base our projections on in the design of the budget and as we look at that four-year fiscal plan.

THE CHAIR: ADM Kumaranayake, you have 45 seconds.

LILANI KUMARANAYAKE: I'll be really quick, then. The last several years were exceptional. What we're seeing, as we discussed in the budget, is that we're turning to trend growth rates. It's not that revenue will go down, but the rate of increase in our revenues will probably come back to what we were experiencing before the pandemic. In this budget, we are anticipating that our average annual growth rate for revenues over the next four years is 4.7 per cent annually. We're in a healthy position in that sense. We have key drivers - our population, as the deputy minister mentioned. We are seeing that our economic fundamentals are quite solid, and we are seeing . . .

THE CHAIR: Order. The time for Liberal questioning has elapsed.

We'll now move on to the NDP caucus.

MLA Lachance.

LISA LACHANCE: This may give you a chance to continue talking about growth. One of the things when I look at the four-year fiscal plan is that, looking at real GDP, for instance, it's positive, but it's not huge increases like we saw in the last few exceptional years. I know that every time I try to talk about the debt and debt concerns and debt growth, the political rhetoric - not from the Public Service - is, Well, we have to do all these things, and what do you expect?

I think the concern is that what we have seen time and time again are these cycles where debt increases and debt servicing costs increase, the cost of debt rises, and then the programs that get hit first in austerity measures are the very programs that often support the most vulnerable people in our province.

I do have a concern watching the net-debt-to-GDP ratio climb. I do have a concern watching the debt servicing cost climb. When I look at the real GDP, for instance, it's a sliver. We have seen in the past five years what happens when something happens, like a pandemic and/or a war or that sort of thing. It's a vulnerable amount, I would say. Where am I going with this? I'm going somewhere with this. I think I would like to recognize that we're asking you what New Brunswick did versus what this government is doing - our political decisions at the end of the day is to pay down the debt and to position the province of New Brunswick in a different way.

At the same time, I would characterize their social outcomes as abysmal. This government has chosen a different way. I still think there are areas in which we need to be demanding accountability and transparency. My concern is that the spending that we see even in this small sample, 17 per cent of the \$2-plus billion that has been spent in additional appropriations. Most of these were not related to any kind of emergency. Most of these were not related to any kind of pressure. They were opportunities. They're probably good ideas, but there was no reason why they had to circumvent even having a staff assessment at Executive Council, which I think the Auditor General includes as one of the things that we're lacking.

I guess to replay this, what would be wrong with having a percentage limit, a proportion of the overall budget? Or what would be wrong about defining what is an emergency, what is actually the ability for government to spend without oversight, and in what circumstances? Because the pandemic is a great example: no, we didn't want government to slow down during the pandemic. Clearly, that would have qualified as an emergency. So, what's wrong with models like this?

THE CHAIR: Deputy Dean.

KELLIANN DEAN: I would go back to the authority of Cabinet, the authority of our elected officials to make decisions. They need to have the flexibility to adapt to circumstances, to make those decisions that they feel are in the best interests of Nova Scotians, and that respect their priority areas of government that they have established for moving forward.

For example, this government's priorities are in health care, making sure that there are significant investments in health care for Nova Scotians, in housing, in affordability. This budget looks at investments in all of those areas. So it is within the purview of the government to determine what's acceptable, but in a fiscally responsible manner. And I would say that that is what we are looking at when we look at our four-year fiscal plan.

Those decisions are made in a very broad context that take into account numerous priorities. We hold ourselves up to a standard of fiscal sustainability, and that is measured. When I look at the four-year fiscal plan and I look at, as well, the comments from our bond-rating agencies who look at our fiscal health and how we're able to manage our debt, and how we're able to invest in the things that our government has determined are important for Nova Scotians, they have confidence in the plan that we have, and its longer-term sustainability. I think that there are parameters and measures in place that provide the guardrails that are needed for government to execute the decisions that it needs to execute.

LISA LACHANCE: I'm sure I only have a couple of minutes. When is the next bond agency review? Is it in June, once this budget is passed? I forget what my question was going to be. Basically, what would be the response if the bond-rating agencies gave any sort of caution or anything, based on the four-year fiscal plan?

KELLIANN DEAN: Well, if they provide a deviation from their current evaluation of our fiscal health, it could affect our cost of borrowing - it might go up. But they gave an opinion based on the budget that we just tabled, and then there'll be a further opinion that will come as we prepare our forecast. I'll let Lilani confirm that.

THE CHAIR: ADM Kumaranayake, 30 seconds.

LILANI KUMARANAYAKE: The meetings with the bond-rating agencies happen annually. It's an opportunity for the bond-rating agencies to actually ask us very detailed questions, which underlie their opinions. They ask the same type of questions you ask - what's the spending, how it's being spent, what are the trajectories. They want to understand how we manage our debt...

THE CHAIR: Order. Time for NDP questioning has elapsed. We'll now move on to the PC Caucus. Seven minutes.

MLA Taggart.

TOM TAGGART: I want to quickly just say, it's pretty refreshing to hear how the bond-rating agencies feel about the financial security and the direction that the government's moving the province in. This whole discussion is about the list of appropriations of the money to EfficiencyOne, the deferred - however you want to phrase it - the money to EfficiencyOne. The money - \$140 million then \$65 million in deferred maintenance in rural universities, \$58 million to Cape Breton University, that sort of thing.

In the municipal world I spent a lot of time - where we always went with this budgeting piece was restricted reserves. Those restricted reserves are one of the things that really said whether a municipality was financially or fiscally sound and strong. That's based on provincial financial, municipal financial indicators.

I look at these the same. That money - there was a choice that was made where that money could go. I think there's no doubt that we've had a time here of certainly unprecedented financial growth with the population and the economy, but along with that comes kind of unprecedented challenges. Again, I am going into this piece, I see this as the money going into a reserve to move the province forward, and a long-term vision sort of thing. I haven't said that, so I guess I am asking you: How do these additional appropriations processes support economic growth in Nova Scotia? That is to whoever.

THE CHAIR: ADM Gatién.

GEOFF GATIEN: I think here, while the concept of a municipal reserve is different than what we're talking about with additional appropriations, I do take your point. I think that is some of the thinking behind advancing the priorities and using fiscal capacity that might not have been foreseen, to the benefit of a number of - whether it's households,

individuals, or institutions - that are important to the province's success, in many regards, be it economic or be it delivery of social programming.

When we look at the universities, we look at the deferred maintenance, I think with some of the challenges that had been faced, this was still coming out of the COVID period as well. I believe some of the thought with the rural universities was that it was a challenge to get contractors in. There were supply chain issues. Again, by providing funding to these organizations and the Department of Advanced Education has a lot of insight into the university sector challenges and opportunities, and I believe they have a good awareness of what a deferred maintenance balance, what a range is. I don't know that anybody can actually calculate what deferred maintenance totals are. There's a lot of judgement involved in that.

I believe there is a recognized growth during COVID and challenge with supply chain where it was viewed as an opportunity to help key organizations, key employers in communities so it gets into workforce development, it gets into the economies of those communities.

I think when we look down the list, that's a lot of what the opportunity was viewed at with the capacity that availed itself during that period.

THE CHAIR: MLA Taggart.

TOM TAGGART: I understand it's certainly a different budgeting process and that sort of thing. For me it's the same philosophy, it's looking forward. It appears to me that that is what's happened here.

I don't think there's any - it's kind of undeniable that over the past several years a lot of stuff has been deferred because of challenging financial times, that sort of thing. The idea, the way I see this, is really a vision that - I think probably faced with a choice of paying down debt, I agree that's very important, or looking forward to the economic prosperity of the province - and again, taking on those challenges that have been deferred for so long in health care and housing and social services over and over. I guess we have to go forward, and I believe solidly that we really need to spend to meet those, and I believe that this is a way of putting money forward that allows flexibility in the next year to face the challenges that come this year. Do you have thoughts on that?

THE CHAIR: Deputy Dean.

KELLIANN DEAN: Yes, I would agree with that, and I would like to share that within the process, there is point of time when government has a line of sight - albeit a short-term line of sight - to whether there is additional revenue that is available to do those exact investments. The things that are aligned with their priorities, are meaningful to

communities, are meaningful to the economy, and that can make a difference. You talked about an economic impact...

[10:30 a.m.]

THE CHAIR: Order. The time for questioning for the PC Caucus has lapsed. My apologies, I could have actually given each Caucus another minute, and I just screwed up on the math. There we go. My apologies to everyone.

If the Department would like to make closing remarks, they can do so now. Deputy Dean.

KELLIANN DEAN: I would just like to thank the members for their questions. We appreciate the opportunity to hear your perspectives and again, we also appreciate the Auditor General's observations and recommendations. We'll continue to do what we can within the department to strengthen our processes and to strengthen our grant management policies.

THE CHAIR: Thank you to the Department for coming out today and for answering our questions. No doubt we will see you again.

I don't think we require a witness, although I would just let everyone know, this is quite an echoey room, so if you can leave quietly, that would be most appreciated. We have a fair bit of committee business.

Our first thing on the committee business is the decision from the February 28<sup>th</sup> in camera meeting, and it was agreed to make the decision from that meeting public. The following motion was passed:

That the topic of April 3<sup>rd</sup> be this topic: Report on the Misuse of Public Funds at the Liberal Association of Nova Scotia.

It's now been made public. Now we will move on to the Subcommittee on Agenda and Procedures, Record of Decision. The Subcommittee met on March 6<sup>th</sup>. Members have been provided with a copy of the Record of Decision from this meeting. That would be the one that has the chart on it, I think that everyone has there.

Would someone like to approve the Record of Decision?

MLA Young?

NOLAN YOUNG: I would like to make a motion, please.

THE CHAIR: Yes.

NOLAN YOUNG: I move that the Committee accept the following witness lists for upcoming public meetings on Auditor General Reports as follows: Report on Misuse of Public Funds of the Liberal Association of Nova Scotia - Dorothy Rice, Chief Electoral Officer; Paul Doucette, former President of the Liberal Association; Joseph Khoury, former President of the Liberal Association; Margaret Miller, current President of the Liberal Association; the Honourable Zach Churchill, Leader of the Official Opposition, the Liberal Party; the Honourable Iain Rankin, MLA Timberlea-Prospect; Stephen Shupe, Shupe & Company Chartered Professional Accountants, Deloitte representative.

THE CHAIR: Any discussion?

All those in favour? Contrary minded? Thank you.

The motion is carried.

MLA Young.

NOLAN YOUNG: I move that the Committee accept the following witnesses for the 2024 Report of the Auditor General *Preventing and Addressing Violence in Public Schools*: The Department of Education and Early Childhood Development, the Deputy Minister.

THE CHAIR: That is different than what was provided to us on here. Is that correct?

Any discussion? MLA Lachance.

LISA LACHANCE: The government works hand in hand with the Nova Scotia Teachers Union to provide education in this province, and they are a key partner in the delivery of education. We receive information about the experiences in schools, positive and negative, but certainly around violence in schools, from their members. I think it would be a disservice to the topic and to this committee to not include a representative from the Nova Scotia Teachers Union in our discussions.

THE CHAIR: MLA Clark, then MLA Young.

BRAEDON CLARK: I am not going to beat a dead horse here, but I agree with the comments of my colleague. With respect, I don't see how we can have a reasonable discussion about violence in schools without somebody from the Nova Scotia Teachers Union.

I know that the members opposite are very insistent on the fact that we have only core department staff, but I think teachers certainly are, if not government employees by definition, by proxy. I think it would be necessary to have the NSTU to get a full picture of the issue, so I think they should be there as well.

THE CHAIR: MLA Young.

NOLAN YOUNG: Obviously, I can't talk about the things that happened in camera because they are in camera. There is a reason I am only putting that one witness there. This is a report that we haven't seen. We haven't seen this report come out. The Auditor General had recommended the witness for her report, which she knows of.

Unless there's something else to it, I don't understand how we can add witnesses to a report that we've never seen and then say they are relevant or pertinent when it wasn't recommended by the Auditor General. I'll stick with the recommendations of the Auditor General.

THE CHAIR: I think you just spoke about something that came to us in camera. Any further discussion?

The motion is for the witness to only be the deputy minister from the Department of Education and Early Childhood Development.

All those in favour? Contrary minded? Thank you.

The motion is carried.

MLA Young.

NOLAN YOUNG: I'll move that the committee accept the following witnesses for the 2024 Report of the Auditor General *Cybersecurity Readiness in Healthcare*: the Department of Cyber Security and Digital Solutions, the Deputy Minister; Nova Scotia Health Authority, interim President and CEO, and Department of Health and Wellness, Deputy Minister.

THE CHAIR: Because I just kind of zoned out there, I want to make sure that I am clear on what we are voting on - there was no change there, right? Okay.

Any discussion?

All those in favour? Contrary minded? Thank you.

The motion is carried.

MLA Young.

NOLAN YOUNG: I move that the committee accept the following witnesses for the 2024 Report of the Auditor General: *Health, Safety and Well-being of Children Placed*

*in Temporary Emergency Arrangements and Child and Youth Care Homes.* The witness would be the Department of Community Services, Deputy Minister.

THE CHAIR: Any discussion? MLA Lachance.

LISA LACHANCE: Again, I think that folks who are familiar with places of safety and the placement of children clearly know this involves the work of registered social workers in this province. I do believe the Nova Scotia College of Social Workers, again, is a key partner in the work that we do to protect young people. I think it would be ridiculous to have a meeting without them on this subject.

THE CHAIR: Any further discussion? MLA Young.

NOLAN YOUNG: Again, this is a report that we haven't seen. We don't know what the contents of the report are. I'm going to stick to the recommendations. I'm not saying that we're not open at a future date after seeing the contents of the report, but none of us have seen the report, so we'll stick with the recommendations.

THE CHAIR: Any further discussion?

All those in favour? Contrary minded? Thank you.

The motion is carried.

MLA Young.

NOLAN YOUNG: I think this is the last one . . .

THE CHAIR: I think what we're moving on to now - does the MLA wish to speak, or can I move on to the next item?

Now we will move on to the next item, which is Endorsement of Auditor General Recommendations. We had a report released today, the 2024 Report of the Auditor General *Value for Money of Over-Budget Spending*.

MLA Young.

NOLAN YOUNG: I move that the Public Accounts Committee formally accept and endorse the recommendations contained in the 2024 Report of the Auditor General *Value for Money of Over-Budget Spending* that have been accepted by the Office of the Auditor General.

THE CHAIR: Any discussion?



I'm sorry, MLA Lachance. I did not see you.

MLA Lachance.

LISA LACHANCE: As someone who chairs meetings sometimes, I would have been frustrated with my lack of movement over here, so thank you for giving me a chance to speak.

I would suggest that, of course, we have great interest in the other recommendations which were brought forward, and currently remain really disappointed in the response from government around these issues. You know, I won't be supporting this, because I would endorse all the recommendations in the report.

THE CHAIR: Any further discussion?

MLA Clark.

BRAEDON CLARK: Yes, I just want to say I agree with that. Obviously, in the report that we talked about today I think there were some really good recommendations from the Auditor General that, unfortunately, were not accepted, and I wish that they had been.

THE CHAIR: MLA Young.

NOLAN YOUNG: I just want it to be put on the record that this is a standard practice. This is standard wording that is used by the committee.

THE CHAIR: Yes. Thank you for sharing that.

All those in favour? Contrary minded? Thank you.

The motion is carried.

THE CHAIR: Now we move on to correspondence. We had a number of pieces of correspondence. We have asked for further clarification from a number of different departments, for example.

The first piece is the Department of Advanced Education and Early Childhood Development, information requested from the January 17<sup>th</sup> meeting.

Is there any discussion on that particular item? Okay.

The next piece of correspondence was the Department of Communities, Culture, Tourism and Heritage, and that was information requested from the January 31<sup>st</sup> meeting. Any comments or concerns about that? Okay.

Department of Municipal Affairs and Housing - information that was requested from the February 7<sup>th</sup> meeting. Any concerns, discussion, anything? Okay.

Our next item was a request for an emergency meeting on February 21<sup>st</sup>. We did conduct a poll in response to this request, which was not successful, so I'm just putting that on the record. In addition, we had information from Build Nova Scotia, and that was from the February 7<sup>th</sup> meeting.

MLA Taggart.

TOM TAGGART: That would be the report on broadband in rural Nova Scotia.

THE CHAIR: I believe so. When these come in, I look at them. If I have any concerns about them, I flag them right away. It would have come in a while ago. (Interruption)

We'll have a five-minute recess.

[10:45 a.m. The committee recessed.]

[10:47 a.m. The committee reconvened.]

THE CHAIR: Order. I'm now calling the meeting back to order.

MLA Taggart.

TOM TAGGART: With respect to the letter dated March 11<sup>th</sup>, the response to the questions about the broadband internet in rural Nova Scotia. This letter refers to "Build Nova Scotia has service delivery agreements with Eastlink and Bell."

I believe, and maybe somebody will have to correct me here, Build Nova Scotia - what were they before? They were down on the waterfront. Develop Nova Scotia. I'm quite certain that Invest Nova Scotia, I guess that's who it was, had a contract with Xplor as well. They were the people who were contracted to build the broadband coverage throughout Cumberland and Colchester.

They're not mentioned here. I guess I'd like further information on that. What became of that contract? Did it not move with Bell? Had they met their stated goals and obligations?

THE CHAIR: Okay. Certainly. Thank you very much. I'm happy to ensure that we send a letter back to them to ask those questions. That's exactly why we go through this correspondence process, so that we can find out.

MLA Taggart.

TOM TAGGART: If I could, I saw that when I read that letter and I didn't flag it and I should have. Thank you for allowing me to get to the letter.

THE CHAIR: Okay. We'll make sure that that gets done and we'll follow up with the committee so they can see the answer that comes out of that.

I do believe our committee business has been concluded, leaving us with 10 minutes left, which is really bothering me because I should have timed things better, but there we go. Some days you think that things are going to be more of a wrangle and they're not.

The next meeting is March 27, 2024. Our witnesses are the Department of Health and Wellness, Nova Scotia Health Authority, the Department of Public Works, Build Nova Scotia, and the Department of Service Nova Scotia re the 2024 Report of the Auditor General *Value for Money: Development of Transitional Care Facilities*. That will be next week.

Is there any further business?

The meeting is adjourned.

[The committee adjourned at 10:50 a.m.]