HANSARD

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COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, March 27, 2024

COMMITTEE ROOM

2024 Report of the Auditor General - Value for Money: Development of Transitional Care Facilities

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Public Accounts Committee

Hon. Kelly Regan (Chair)
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[Tom Taggart was replaced by Hon. Keith Bain.]
[Lisa Lachance was replaced by Claudia Chender.]

In Attendance:

Kim Langille
Committee Clerk

James de Salis
Administrative Support Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Department of Health and Wellness

Dana MacKenzie - Deputy Minister

Department of Public Works

Peter Hackett - Deputy Minister

Gerard Jessome - Chief Engineer

Department of Service Nova Scotia

Joanne Munro - Deputy Minister

Chris Mitchell - Chief Procurement Officer

Nova Scotia Health Authority

Karen Oldfield - Interim President & CEO

Derek Spinney - Vice President, Corporate Services, Infrastructure and CFO

Build Nova Scotia

David Benoit – President & CEO

House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, MARCH 27, 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. I would remind everyone attending today to place their phones on silent, which I have done. I'm going to ask the committee members to introduce themselves, beginning today with MLA Leblanc.

[The committee members introduced themselves.]

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

On today's agenda, we have officials with us from the Department of Health and Wellness, the Department of Public Works, the Department of Service Nova Scotia, Nova Scotia Health Authority, and Build Nova Scotia with respect to the 2024 Report of the Auditor General *Value for Money: Development of Transitional Care Facilities*.

I'm going to ask the witnesses to introduce themselves. I think we'll do the first row, then we'll do the second row, and we're going to start on the right, where we have Mr. Spinney.

[The witnesses introduced themselves.]

THE CHAIR: I'll do my very best to keep everybody straight. I would like Deputy Minister MacKenzie to make opening remarks.

DANA MACKENZIE: Thank you for the opportunity to speak to you today on this important topic. I'm joined today by colleagues from the Nova Scotia Health Authority, the Department of Public Works, the Department of Service Nova Scotia, and Build Nova Scotia.

In 2016, The Auditor General's Office conducted an audit at the Department of Health and Wellness and the Nova Scotia Health Authority on the management of Nova Scotia's hospital system capacity. The audit found that the historical approach to health care delivery, with a heavy focus on hospital-based care, was not sustainable. It found that annual capital funding was not enough to complete urgent repairs on hospitals throughout the province, and slow patient movement within hospitals was causing emergency department crowding.

In September 2023, the Auditor General issued a report critical of the department for long ambulance off-load times, a lack of accountability, and the impact on paramedics. Government agrees with all these findings, and an important part of the solution is more beds. When it's open, this transitional care centre will help us reduce ambulance off-load times and the resulting frustration felt by paramedics and other health care staff and, most importantly, patients.

The centre will help patients get the care they need faster and more conveniently and help to reduce emergency department crowding. Value for money represents much, much more than just the appraised value of a building.

We need more beds as fast as possible. Patients are staying too long in hospitals as they wait for long-term care or for the supports they need to return home. We know that being in a long-term care facility or in your own home is a far better outcome. We need to make things better for these patients as fast as possible.

With that in mind, we also consider the value for someone waiting in a hospital bed to go home but needs that extra step of support. We think about the value for someone who needs that hospital bed and is waiting for the care they deserve.

Last week the Province, with its partners at the Nova Scotia Health Authority and Shannex, announced an innovative solution to provide more transitional care beds. As you may have already seen, Shannex approached the Province with an opportunity to expand the existing project, bringing the planned second phase of care spaces to reality much sooner.

The West Bedford facility will move in two parallel phases, moving up both project timelines. It will also help insulate these projects from much of the volatility in the labour market, as Shannex has its own construction and design company and is ready to deploy crews that are already available. This new arrangement will create a centre of excellence for this innovative model, expanding the care pathways available and, most importantly, opening more space to patients sooner. The patients who go to this new transitional care centre will have access to services and care more focused on their specific needs, with supports to help them transition back to where they call home faster.

The health care system is complex and interconnected. Issues in one area often have root causes in another. Investments in each area of a patient's journey help improve the overall system to the benefit of all Nova Scotians. Action for Health is the road map to address these issues in a meaningful way, and this new centre will play an important role in our overall system.

This is a new model of care, and a new approach for Nova Scotia. We are, in fact, the first province in Atlantic Canada to move forward with this model. We're learning continuously and will iterate and evolve as needed.

Before passing the microphone to my colleague from the Nova Scotia Health Authority, I'll close by reiterating Minister Thompson's comments in response to this report: buying this building and using it to create a transitional care centre was absolutely the right decision.

I look forward to your questions.

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: Mr. Spinney and I are pleased to be here today to speak about solutions to the health care challenges currently facing Nova Scotians.

Opening a transitional care centre in Bedford later this year will provide a model of care we have never before been able to offer for 68 patients at a time, who would otherwise be waiting in hospital or be admitted to hospital before moving to long-term care. We anticipate that many of those patients will, in fact, be able to return home rather than moving to nursing homes, and we know that that is where most people want to be. That's where they want to live - in community, as independently as possible. Thanks to an innovative new collaboration with Shannex, we will see that number rise to 178 patients within two years.

The challenges we face across the system are well known:

- Last year, the Auditor General highlighted, and I quote, that "significant offload delays have become so prevalent in the healthcare system that they are the norm rather than the exception."

- We know other emergency patients also wait too long for care.

- After admission, it is not unusual for patients to spend part of their hospital stay in a hallway, rather than in a proper room.

- Scheduled surgeries can be postponed due to a lack of beds for recovery after surgery. This only happens when there is no alternative, but it does happen.

- Hundreds of people who no longer need acute care remain in hospital beds for days, for weeks, for months because we don't currently have a more appropriate place for them to receive the next phase of their care.

- Since January 2022, our overall in-patient occupancy has never been below our 85 per cent target, and rarely even near 90 per cent. In January, two months ago, it peaked at almost 109 per cent of capacity. At times, occupancy in the Western Zone has approached 140 per cent.

- That's the current state, and we know a large increase in the population aged 65 and up is projected. That will only increase demand on this system.

While this might seem like a list of separate problems to fix, they all do connect back to our ability - or inability - to move patients through the system.

In 2016, Auditor General Michael Pickup examined the management of Nova Scotia's health system capacity, and he said at the time - and I quote again: "Change is needed . . . a new approach, with less emphasis on hospitals and more focus on providing the right type of care in the right location, is required."

Today, together with the government and Shannex, we are delivering that change. By opening this transitional care centre, with the intention of more to come in the future, we will not only create capacity in hospitals, easing pressure on emergency departments, on EHS, on in-patient units, but provide a setting and an approach to care that will lead to better outcomes for patients: the right type of care in the right location.

Not only does this initiative make sense clinically and operationally, but it also makes sense financially. The cost of providing appropriate patients the care they need in a transitional care setting is substantially lower than caring for the same patients in a hospital. The expanded Shannex project at the site significantly reduces capital costs of adding this capacity to our system.

Whether we focus on patient outcomes or the bottom line, this is a case where, as the Premier has said: "Value for patients, not value for money." We look forward to your questions.

[9:15 a.m.]

THE CHAIR: Now that we have concluded our opening remarks, we're going to start the first round of questioning. Each caucus will have 20 minutes, and then we will divvy up the remaining time among the caucuses. We will begin with the Liberal caucus. Just to let folks know, when your time is up, I will call "order." I'm not being rude - I'm just making sure that everybody gets the same time.

MLA Clark.

BRAEDON CLARK: Thank you, everybody, for being here this morning. I wanted to make one thing clear at the top here, which is that the issue of the Auditor General's report, and the issues that I personally have with what has taken place here at Hogan Court, is not beds, it's not the outcome. No one here is sitting here and saying that more beds in the system is a bad thing. That would be an absurd thing to say, obviously. The issue is that outcomes are not the only relevant matter in government. The process of getting to an outcome is also critically important, and that is the message in the Auditor General's report.

I didn't hear very much about the process in the opening statements here today, so I wanted to ask a few questions about that, because I think it's critically important not only for this project, but for future health care projects moving forward, which are in the order of billions of dollars, as the witnesses know.

The first point I want to make is around timelines. I think there are some interesting things on the timeline here in the AG's report. The AG's report shows that on June 22, 2022, NSHA signed a confidentiality agreement with Developer A. About two and a half months later, on August 9th, an advisory firm completed a market scan of possible properties to convert to a transitional care facility. There are a lot of witnesses, so I'm not positive who would be best suited, so I'll ask the question and allow whoever feels they have the ability to answer it best to answer it.

My question is: Why would a confidentiality agreement have been signed two and a half months before a scan was even done to figure out what properties were feasible for this site?

THE CHAIR: I'll be looking for a hand, a nod. Who thinks they're best to answer that particular question? Mr. Spinney.

DEREK SPINNEY: The reason for the confidentiality agreement at the beginning was so that we could understand from Developer A what they knew about the property and

where they were in negotiations with Developer B, or however it's referred to in the report. That was the reason, so that we could begin conversation with the developer who was already in conversation with the owner.

BRAEDON CLARK: Signing a confidentiality agreement with a particular developer, though, ahead of time - does that not indicate a preference for that site before any other analysis had been done on other potential sites?

DEREK SPINNEY: No.

BRAEDON CLARK: I don't understand, to be honest. If it doesn't show a preference for that site, what does it indicate? Why not sign confidentiality agreements with other potential sites? Why that one in particular?

DEREK SPINNEY: The reason was so that we could understand where they were in the process, and so that we could understand if this was even something worth considering going forward. The confidentiality agreement was simply an indication that we were interested in that. That's really all that references. Every time you're looking at a property, you don't necessary go sign a confidentiality agreement just because you're looking at it if you have ample information about the situation. For us, we wanted to explore further the situation at West Bedford, so we signed a confidentiality agreement with the developer to understand where they were in the process.

BRAEDON CLARK: I also want to ask about the market scan there. From the AG's report, it says that a list of 17 properties in Central Zone, including Hogan Court, were analyzed, if I can use that term. It says: "It included the year each building was built, its location, and the number of units." This is what the AG said about the scan: "We could not determine whether the list of properties contained viable alternatives as there was no documented assessment of the properties against the established evaluation parameters."

How do we know that this was the best possible site if the market scan, according to the AG's report, did not have parameters in place to judge the effectiveness of the properties? How do we know that this was the best site based on that?

DEREK SPINNEY: What we wanted to do was exactly what you said, ensure that this made the most sense based on what was available in the market. We engaged through a consultant, commercial real estate brokers, to help us answer that question: What is available? There were criteria. The criteria are in the report as well. There were four different criteria to determine what was available that could rapidly be turned into beds for the hospital system. The commercial broker's response was there are none; however, we can take a scan of the market to give you an indication of the kinds of buildings and facilities that are in the market that you could conceivably approach and see if that would be an option. Even Hogan Court itself was not on the market for sale at that time. It was intended to be a hotel.

Through those 17 properties, nine of them were apartment-type buildings, and they were at different locations in the city. If anybody wanted to look them up, you could get a sense very quickly as to the state of that infrastructure. Those buildings were first created in 1960 to 1970, and they were occupied. The first criteria, being able to turn those quickly into beds, did not seem like a viable solution for those two reasons.

There's been conversation about renovations required at Hogan Court. Well, you can imagine what they would be at a 1970 apartment building, for instance. They would be extraordinary. At the same time, there were people living there, so even if we approached the apartment to say, "Hey, would you be interested in selling?" it would be quite the transition to be able to do that.

There were another four properties there of existing motels/hotels. Again, using the same philosophy that even West Bedford wasn't on the market, but it seemed like, "Hey, this is a good location. It seems like it could be renovated. We could make this really useful in the Government of Nova Scotia." So we looked at those four properties as well, and again, most of those were quite old and not easily adaptable. They weren't anywhere nearing the state of West Bedford, which was in a growing community that had ample parking, that was close to the QEII, that was 70,000 square feet that could quickly be adjusted because it wasn't finished.

Then the other four properties there were hotels currently under construction - more similar, if you will, to West Bedford. In that case, those properties were with large brand names - I won't bother quoting them - and about to be going concerns, if you will. So our ability to interact in that process and convince somebody that "Hey, perhaps you'd like to sell to the government" wasn't as quickly achievable as what we believed West Bedford would be.

BRAEDON CLARK: Another question I have about the timeline here, which seems backwards to me - I'm not a procurement-process expert, by any means, but I'll lay this out. To me it seems a bit cart before the horse.

On December 14, 2022, government approves the purchase for $34.5 million, and an addition $15 million to cover renovation costs, so $50 million, roughly. Government approves that purchase through Treasury Board, through Cabinet, in December 2022. About five weeks later, January 23, 2023, the government receives a report from an architectural consultant outlining some pretty significant renovation and upgrade work that needed to be done at Hogan Court in order to bring it to the standard required for a transitional care facility, obviously because it was being designed and built as a hotel.

Why would government approve a $50 million purchase before even having that report in hand? We're not talking about six months' difference here. I know the argument is speed, but we're talking about five weeks - over Christmastime, actually. Why not wait the five weeks to get that report, so that at least government has all the information they

need before signing a contract with the developer? Why not - why is that the sequence of events in that case?

DEREK SPINNEY: I'm going to defer to Mr. Jessome.

THE CHAIR: Mr. Jessome.

GERARD JESSOME: When the Department of Public Works became engaged, things were moving ahead very quickly. We wanted to get in on the ground floor to kind of look at the building and get an overview of the gaps that we needed to fit our clients' needs. Then we engaged Nycum, which was a very specialized consultant that knew a lot about health care projects. We engaged them to do an overview of the facility. They did identify some gaps where we'd have to bring the facility to provide that care that NSHA needed. But those gaps were all overcome through the design process. Through the schematic design process using a team of consultants, experts, we were able to overcome all those gaps and get it to a good place that we would provide that care that was required.

BRAEDON CLARK: Perhaps this is a question for Mr. Jessome as well, I'm not sure. Taking that, is it the view of the witnesses that it's a good process to sign a $50-million contract before having that architectural work done? Again, this is process versus outcome that I talked about off the top. Is it appropriate to sign a $50-million contract before getting an architectural report done even though, as you say, Mr. Jessome, you feel like you've overcome those deficiencies? Is that a good process? Is that a standard process? Is that one that generally would be the way to do things, or are we doing things backwards in this case?

THE CHAIR: Mr. Benoit.

DAVID BENOIT: I guess I would just go back to say that we had the approval to negotiate an agreement that didn't exceed the parameters that Treasury Board had given us. If I could use the analogy, you wouldn't go and look at a house with your engineering architect until you have an agreement with the person, you're going to buy it from. I think that's a key element, that it wasn't a blank cheque or blanket approval, it was approval to go and have a discussion based on all the research that Mr. Spinney had talked about, saying that this was most likely the best solution in order to create this type of new facility.

BRAEDON CLARK: Another thing I wanted to ask about was the issue of deed transfer taxes. Through this transaction, which was convoluted obviously, a sale to a sale to a sale, the government paid Developer A, I believe it would be, about $875,000, according to the Auditor General, for deed transfer taxes and contract break fees. Is that standard practice?

DEREK SPINNEY: It is standard business practice for businesses to recover their cost of a transaction. I would say that the answer is yes, it is standard business practice for

a developer to recover their cost of a transaction. In this particular case, that developer, part of their cost was to rightfully and dutifully pay the HRM property Deed Transfer Tax. It's a reasonable expectation that they would include that in the sales price going forward.

BRAEDON CLARK: Perhaps it would be a reasonable expectation if Developer A and Developer B were doing this transaction as two businesses. I appreciate that. Is it standard practice for government to do that? Have there been other circumstances like this in the past year or two, or is this an unusual thing for government specifically to do? That's what I'm curious about.

DANA MACKENZIE: Thank you for the question, which is, Is it usual for the government to pay deed transfer tax in situations like this? In terms of being in an innovative situation where we're trying to acquire a property to move quickly and to acquire what is an appropriate building after the review of 17 different buildings, it was decided to do that as a transaction cost to facilitate this transaction.

BRAEDON CLARK: I'm still not sure, though. Is it unusual for government to do that? Is that something that is done often by government? Yes or no?

DANA MACKENZIE: I would be unable to respond that that would be within the range of normal circumstances, but in terms of entering into transactions where a vendor's transaction costs of a situation had to be dealt with, then I would imagine, and I'm speculating that it would be within the realm of possibilities, yes.

THE CHAIR: Perhaps Mr. Benoit would be better to answer what the normal practice is.

DAVID BENOIT: No, I wouldn't add anything more than Deputy Minister MacKenzie has already mentioned.

BRAEDON CLARK: I wanted to ask Mr. Spinney - I was at the press conference last week where you talked about the overall cost. I know Shannex is paying $46 million, the price for the building and the land. You said last week that your view is that government will, at a minimum, break even on that transaction.

Just so I understand, the government approved the purchase of land of about $34.5 million and about $15 million to cover renovation costs. That's about $50 million. I'm curious: of the construction work, which is not totally complete at this point - I know that a different company was doing that - is that $50 million going to be paid in full to that company, or will some of that be held back because the work hasn't been done? I just want to understand the math of how we get to break even, at a minimum.

THE CHAIR: Mr. Spinney.

[9:30 a.m.]

DEREK SPINNEY: There was an original estimate, which is the $50 million number, I think, that you're quoting. At this point in time, we haven't spent all of that. That's why it's a number less than that. What we've done is we've taken an estimate of our current costs, and that's how we've created the $46 million negotiated number with Shannex to say - again, some of this is still confidential, so there are only certain numbers I can actually quote, as we continue to negotiate with Shannex. But suffice it to say, that that will cover what we've invested so far. I'll say something more, because it's a reasonable expectation that there are cost recovery and profit.

BRAEDON CLARK: I wanted to ask about the alternative procurements used in this process for construction management and other services. Last night I was here - I know Deputy Minister Munro was here as well last night - about the Service Nova Scotia Estimates. We were talking about health and social services exemption for alternative procurements related to the YourHealthNS app.

I'm just curious, for the construction management alternative procurement in this case, was that exemption used as well in this case? Or what exemption was used to support the alternative procurement for Hogan Court?

THE CHAIR: Deputy Minister MacKenzie.

DANA MACKENZIE: We're going to have Mr. Benoit answer this question, because it's a Build Nova Scotia question.

THE CHAIR: Mr. Benoit. (Interruption) Oh, Deputy Minister Hackett.

PETER HACKETT: In the construction portion of this, or the renovation portion of this project, it was done through an alternate procurement method. I'm going to let Mr. Benoit speak. I am going to let Mr. Jessome speak, too, about the process they went through, if you're okay with that, and how we chose the contractor to start that renovation process.

I'm just going to ask Mr. Jessome to step up first, if he could speak a bit to how that was chosen, and then maybe Mr. Benoit afterward.

THE CHAIR: Mr. Jessome.

GERARD JESSOME: Initially, when we engaged the contractor to help us out with the project and coordinate the construction on site, the sale hadn't gone through. It was confidential at that particular time. We worked with our colleagues in procurement and went through the alternate procurement process. We negotiate a deal with the contractor at

that particular time - negotiate rates based on our experience, based on experience of the market, and we came up with a fair deal to move forward at that particular time.

THE CHAIR: There are 10 seconds left. Who else was going to speak on this?

Mr. Benoit.

DAVID BENOIT: Thank you for the . . .

THE CHAIR: Order. I'm afraid we'll have to proceed to the next caucus. Now we'll go over to the NDP caucus.

MLA Chender.

CLAUDIA CHENDER: Thank you for being here today, all million of you.

I guess I'll just finish this, because I was listening yesterday in Estimates as MLA Clark was asking these questions. I don't think his question was answered, which is that we understand that there are specific exemptions that need to be followed when an alternative procurement is used.

I believe MLA Clark's question is: Which exemption to the traditional procurement process was used in this case for this alternative procurement? If you could answer that question, that would be great.

THE CHAIR: Deputy Minister Munro.

JOANNE MUNRO: I'm going to have Chris Mitchell step in to answer that question specifically on Hogan Court.

THE CHAIR: Mr. Mitchell.

CHRIS MITCHELL: For this one, it started as a $400,000 alternate procurement for confidentiality, which I think we've already covered once. It was increased by the $10 million for additional deliveries against this one. I think what's important in this instance is, the trade agreement and the sustainable procurement policy define limited tendering as alternate procurement in our policy - different language but a similar context in the trade agreement. What it means is there are times when the government is better suited not to go to market in an open and competitive competition.

There are 23 circumstances that lay those out. I'm delighted to go through - as most of the deputy ministers up here would know - happy to nerd out on procurement for you for as long as you like. In this particular instance, there was a competitive process followed defined as the following: We utilized a standing offer, which was already in existence over

at one of the other public sector entities. It turned out that we weren't going to be able to utilize it directly to hire, but what we did was we took a look at the folks who were on that standing offer, we did some discussions with all of those companies, determined which ones were going to be available, and then subsequently came to the selection of the vendor who was awarded the contract in that situation.

It may not have been exactly the competitive process which would have laid out black and white all the way through. As almost 40 years in this process, everybody who has ever taught me told me, You don't live well in the black and white, you live well in the grey. If I were black and white, I'd be in financing. In the logistic supply chain world, there is grey. What we try to do, evidenced by the fact that we have awarded over 850 contracts this year through a competitive tendering process worth just over, if you were here last evening, worth just over $1.35 billion this past year, the default for the Government of Nova Scotia is to follow a competitive process. It is the number one - the best way to determine whether you're getting best value.

When things are going odd, the answer is you need to follow a process that is as good as you can or as close as you can to competitive. That's what we did in this case.

CLAUDIA CHENDER: I appreciate that. I heard this last night. We understand it was alternative procurement. I think in this report, the AG takes a different view of the standards that might need to be followed for that. I'm going to ask the question a third time. There are 23 exceptions. I don't actually want to hear what they all are, but I want to know which one was followed in this case. What was the exemption that led to - I understand that you're saying it was better not to go to market, that's the opinion of the department, but what exemption was used?

THE CHAIR: Mr. Mitchell.

CHRIS MITCHELL: The answer is two-fold. One is it began as a $400,000 confidentiality, so Exemption No. 2. The conversation with the Office of the Auditor General - I know because it occurred in my office - was we extended that under Confidentiality No. 2. Based on the decision at the time, from a timeline perspective of too early to still make it public knowledge at that moment. Conversation which ensued with the Auditor General was, There are reasons why that could have been additional services, Alternate Procurement Circumstance No. 15, or remain as No. 2.

CLAUDIA CHENDER: I appreciate it's a complex area, but for us, we're trying to get our heads around exactly how this was followed, I think we'd all agree, it is an unorthodox approach. We're trying to get our heads around it.

I will just say that I agree with my colleague, and I'm sure I speak for my caucus when I say that we also are excited about the model. I think the model is exciting. I think we do need more beds. I think transitional care represents an opportunity, and as someone

who represents the area that includes the Dartmouth General Hospital, I know how many people are in alternative level of care beds in that facility and how much happier and better they could be served elsewhere.

I want to be really clear about that, but as I think MLA Clark also said, we're not really here to talk about the model - we're here to talk about the process. For us, not having the information to "nerd out on procurement," as I think Mr. Mitchell put it, what I want to understand is - there is an alternate universe where we build a building, and that building is a transitional care facility, or we have a public procurement process and we buy a building and the fire marshal signs off on it before the sale. And we don't have confidentiality agreements, and we don't pay Vendor A for the bill of Vendor B, and all of the things that are pointed out in this report.

I guess we're trying to figure out what this is compared to that. Why did we follow this process? I'm going to start in a really simple way, which is that when this model was announced - which we were excited about - we understood the Bayers Lake transitional care facility that was planned was either going to have 195 or 200 beds. I think we heard both numbers. I think 195 is the one in the report, and Hogan Court was going to have 80. That would have been a total of 275 beds. Is that correct, originally, when the announcements were made? That's what I see in the past releases.

THE CHAIR: Deputy Minister MacKenzie?

DANA MACKENZIE: Mr. Spinney is going to answer this question.

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: I may need help on this, but I'll start and see if others can support me as I go. I think during the technical briefing during the December 15th announcement, it was 195 in total that were announced: 120 would be at the Bayers Lake facility and 75 at Hogan Court - but I stand to be corrected.

DAVID BENOIT: I would concur that it was more like 195 total beds: 120 and 75, if I remember correctly.

The health system needs as many beds as we could get, so we were trying to get as many beds as we could through these two facilities, as well as other parts. The December 15th announcement wasn't just about transitional care facilities. It was about the master planning for the whole Central Zone, and making sure that we get as many beds in as many different places as we could.

CLAUDIA CHENDER: Thanks for the clarification. I understand the minister is shovelling dirt right now to break ground for the QEII development. So hopefully that doesn't distract too many people from this room, but also is a sign of good things to come.

I think we've covered a lot of how we got here, so now I want to ask about - because we now have a whole new negotiation and purchase and sale agreement to think about that is under way currently. I want to ask when the negotiations to sell Hogan Court to Shannex began. I understand from what has been shared, that this was an unsolicited bid. Nonetheless, that is a conversation and a process, so can someone tell me when that conversation started?

DEREK SPINNEY: We received from Shannex their unsolicited proposal on January 23rd. That's when they presented us with a document to say: Here's how we think that we can expand on what we've started with you to increase to 178 beds.

CLAUDIA CHENDER: When will this be finalized? You alluded to some ongoing negotiations, so when would we expect that to be executed?

DEREK SPINNEY: I would say that will be measured in weeks and not months. I don't have a particular day, but that's where we are now. What has been approved is what we refer to as an early works contract, which allows Shannex to begin work - finishing West Bedford Phase 1, as well as starting West Bedford Phase 2. April 1st is when we would expect that they'd take over the construction site, if you will, and they begin doing that. In parallel, we are finalizing the agreements, so it's a matter of weeks, I would say, not months.

THE CHAIR: MLA Chender, 10 minutes.

CLAUDIA CHENDER: That early works agreement, does that have a price tag?

DEREK SPINNEY: It does. They have a limit of $20 million that they can spend through that agreement.

CLAUDIA CHENDER: Those would be construction costs - the costs of getting started on the building?

DEREK SPINNEY: Yes. I guess the caveat I would add to it is design. Some people consider that construction or not. There's design work and construction, those types of things, yes.

CLAUDIA CHENDER: Is that then going to be deducted from the ultimate sale price? Is that up to $20 million a portion of the $46 million that's been agreed upon, or is this additional?

DEREK SPINNEY: The way the transaction is envisioned - not finalized, but the way it's envisioned - is that there will be a sale for $46 million, and then there will be an agreement through a per diem, for likely 25 years like the long-term care model, for 178

beds. If you can think of it - two steps, where somebody pays $46 million - conclusion, and then a new agreement to pay a per diem to operate the facility for 25 years.

[9:45 a.m.]

CLAUDIA CHENDER: I'm just trying to kind of get the building blocks here. That $20 million is separate from those two things, or is in the per diem category - is that what you're saying?

DEREK SPINNEY: Yes, it would be included in the per diem that will be charged.

CLAUDIA CHENDER: When would that $46 million be payable to the Province?

DEREK SPINNEY: We currently envision that to be when the entire facility is ready, which would be April 1, 2026.

CLAUDIA CHENDER: You mentioned that the funding will follow the long-term care model, the per diem. Have those operating costs been calculated? Do we know what that per diem is, or exactly what that structure will look like with any more detail?

DEREK SPINNEY: Yes, is the short answer. The longer answer is that we're still negotiating it. It's premature for me to be able to say what the number is, because we may prejudice our negotiating position with the provider. But yes, that has been worked through and compared to other things, including, as it was noted in the AG report, our cost to do the same type of thing within the acute system.

CLAUDIA CHENDER: In the report, I think that cost was something like $544 per bed. Is that right?

DEREK SPINNEY: The $544 was the cost per day for what I'll call West Bedford Phase 1. That was for the original 68 beds, for Shannex to operate those 68 beds, yes.

CLAUDIA CHENDER: I understand you are negotiating. Do we anticipate that this will be higher than that, lower than that, about the same?

DEREK SPINNEY: It will be lower than that.

CLAUDIA CHENDER: We understand that these early works numbers will be part of that, folded into that, so the construction costs will be part of that. Will the mortgage cost of the company also be a part of that per diem?

DEREK SPINNEY: All the costs of the business that they need to recover to provide this service, I presume, would be in there. In some respects, it's a question for

Shannex, although I would presume that they would have the costs of their capital in there. That is expected, as it is in the long-term care model, to be provided.

In the $544 per day - per diem - cost that you referenced for West Bedford Phase 1, there is no capital component, if you will, because in that model it was owned by the Province. In this particular model go forward, the $543 for the services, if I can call it that, will be less. There are economies that we're addressing in there.

There is also the capital cost, like we pay in the long-term care model. That's where I would expect that they're recovering their mortgage, yes. No different than what we would expect if we were a tenant in an apartment building or a business paying rent at Scotia Square or someplace.

CLAUDIA CHENDER: We know that if we owned the building, we wouldn't be covering those capital costs because they would be ours. We think that we may have a lower per diem based on efficiencies with this private company, but it's fair to say we don't really know that yet.

DEREK SPINNEY: It's a fair question for sure, and something that we're obviously going to be paying attention to, very closely. I would say that we're quite confident that we will, but one of the things that we need to take into account is when we look at that - and Deputy Minister Barbrick explained this quite well in the February 13th Public Accounts Committee session - there are two envelopes of funding within these per diems. There's what we call the clinical one, and then there's an accommodation one. In that clinical one, it's really a flow-through where the Province decides how many we need to provide adequate care - how many registered nurses, CCAs, et cetera.

That way, we are guaranteed to ensure that people get the care they need, because we control that switch on and off as much as we want, and that's a flow-through. Although we have an estimate as to what we think is required - we know how many FTEs and we've got it precise by the types of different groups - we are going to be working and innovating with Shannex to make sure that's the right number. Do we have too many of this type, not enough of these? Based on our current expectation, it will end up being lower because there are economies of scale of having a larger facility.

On the accommodation side, those are more administration types of expenses and corporate services, if I can call it that: food services, porter services, discharge activities, those sorts of things.

CLAUDIA CHENDER: I'll ask a specific question, which is: Did we actually do a cost-benefit analysis in terms of turning this into P3? I hear what you're saying, and it makes some sense - although I have to think that the provincial government has the best economies of scale. We have the most employees. They are our employees. We have a direct line into them. I'm just struggling a little bit to understand how moving this into a

partnership with the private sector gets it built faster, makes everything cheaper, when we have the biggest procurement, we have the most food, we have the hospitals, we have the staff.

My question, and this is probably for Build Nova Scotia: Was there a cost-benefit analysis completed? My larger question is: Why are we so sure the private sector can do this better?

THE CHAIR: Mr. Benoit, a minute and a half.

DAVID BENOIT: I won't be able to answer all parts of it because I'll just have to focus on my area of responsibility. I think one of the questions that you asked was: How can they do it faster? I think Deputy Minister MacKenzie had mentioned in her opening remarks that the company that's taking this on has their own workforce and their own construction agents. As a result, they're able to maneuver those - first of all, they don't have to go through a tender process in order to find subtrades or main contractors in order to deliver on the project, so they're able to maneuver that workforce where they need it, when they need it, and how they need it. As a result, they're able to move more quickly on the actual build part for all different reasons - because they have a whole different model.

As far as economies of scale, I can't speak for obviously Mr. Shannon. I wouldn't even try. What I would say, though, just as a casual observer, is he's got a very broad portfolio, and this is one of the things that they're known for. I'm sure that he also can affect economies of scale when it comes to materials and timing and being able to get . . .

THE CHAIR: Order. The time for NDP questioning has elapsed. We'll now move on to the PC caucus and MLA Young.

NOLAN YOUNG: Thank you for your opening remarks. Just piggybacking on what Mr. Benoit said: I spent my whole life in construction, and having the access to the workforce you need, that is such an advantage for the project. What my question is - I'm just looking for simple language that your average Nova Scotian understands in your response here.

I understand that with the announcement on Friday, the details of this agreement have changed. That said, I want to formally ask the department: Why was this purchase done in the first place, and what is the goal of doing it so quickly?

DANA MACKENZIE: In terms of the rationale for this purchase and the reasons for doing it so quickly, I've covered that extensively in my opening remarks. Trying to be responsive to creating more capacity in the system to provide care. More beds for Nova Scotians faster.

I'm going to defer, Chair, to have the rest of the question answered through my colleague at the Nova Scotia Health Authority, Ms. Oldfield.

KAREN OLDFIELD: We've talked a lot about beds, and I know that the committee is well aware of our bed challenges, but I would be remiss if I did not talk about beds in numeric terms. I have to share - and I'm happy to table - these are Statistics Canada, or our Department of Finance and Treasury Board. I just want to talk about 40 years.

In the 20-year period from 1990 to 2010, we saw a growth of 37,000 Nova Scotians who attained age 65 and over. In that 20-year period - 1990-2010 - we went from 112,000 over age 65 to 150,000.

Let's take the next 20 years, 2010-2030. That 150,000 number doubles to 300,000 Nova Scotians aged 65 and over. We're just hitting it. For every alternate level of care patient we're able to discharge from hospital to a better place of care, there are probably three waiting to take that spot. We do have a very serious bed crunch. There are no two ways about it. It is the case that we do look for every single possible way to create beds. In this past year alone, we've created 70 beds across our system. It doesn't sound like very many, but when you think about those numbers, every bed counts. We've created them using unconventional methods.

At the end of the day, what this transitional care facility means - yes, it's an outlet. It is a bed outlet. That's great. These are people who have the very best chance of going home, because in the model of care, there will be RTs, PTs, OTs. People will be mobile. There is a kitchen where they will learn or re-learn how to be able to care for themselves at home. Everything is set up to enable a return to home, and that's where people want to be. That was the goal, and that's what we've achieved.

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

THE CHAIR: MLA MacDonald.

JOHN A. MACDONALD: Just to add on to that, I've had some experience where, previous to being elected, I had a family member who was in the hospital and then was deemed for long-term care. It was two months, and that was two months that somebody else was in the ER, or an ambulance was there with paramedics because there was no bed. The point of whether it's one, seven, 70, 195 - everyone is going to benefit, because every person who's in these facilities is one less paramedic that is held up at a hospital. It's one more person who gets through the ER quicker and into a bed.

I was the same as my colleague at first: Why? Then, I remembered: I know why. It's because the sooner we get them out of a bed, into facilities like transitional care, it's going to be better for the whole system.

It's sad to say - I said it before I was elected - the most honest way is we need more beds to get them out of the hospital to free up everything. It's not that simple. It's a simple answer, it's just not a simple fix. Had we started 20 years, 30 years - and every government,

I'm not going to pick on any party, because every party has been around and kept kicking it off. When you wait too long, it costs a lot to fix it. I've finished my ramble.

[10:00 a.m.]

THE CHAIR: It's your time.

JOHN A. MACDONALD: In the previous Auditor General report, they talked about issues with ED overcrowding, which I just commented on, and ambulance offloads. Can you explain how that's going to wind up helping to increase access to flow through the system? I will let whoever wants to take it get onto it.

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: I think you actually just rambled into your own answer. You used the word "ramble." That is the answer. We have people coming into the ER who are waiting for off-load. They need to be treated; they need to be admitted. We have ED admits, those who have come through the emergency department and who are waiting for a bed. Those two things clog up resources - beds - we can't move them because we can't get people through.

We're working on all of it. This is not for today. We have seen good and steady progress. It's for another day. We can talk about it. However, that's been the big-picture reason why we can't: there are no beds to put somebody into when you have been admitted via the ED. In the past, what has happened - and particularly around COVID - something's got to give, and what had been giving was surgery. Surgeries were either stopped, shut down, lessened, or eliminated, to free up beds. That's certainly not fair to the person who's on the list, or to the surgeon, or to families, or to the rest of the hospital.

Now all of that's moving, but the difficulty is still getting people out the other end, particularly alternate level of care patients. I'm pleased that we have, I think, three or maybe four long-term care homes coming onstream in Central Zone in the Summer and the Fall. That's great. Between 400 and 500 beds. Across the system right now, there are 700 alternate level of care patients in a hospital system of about 3,000 beds. We typically would run 20 per cent, which is a very high number.

We have almost 1,700 people waiting in community for a long-term care bed, which isn't even taking into account those waiting in hospital. Any bed we can find is what we can discharge from the hospital and enables more intake at the front end, which is via the ER, and flows through the entire system. Hence, transitional care facility.

JOHN A. MACDONALD: Don't feel bad. They're used to me rambling, and sometimes answering my own questions. This is going to be for the Nova Scotia Health Authority. The Auditor General talks about the high number of patients in alternate care

arrangements. Can you please explain what an alternate care arrangement is, the cost to the system for alternate arrangements, and the impact of these arrangements on access and flow?

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: Alternate level of care is, in some respects, just like it sounds: it's alternate from what a typical level of care required in an acute hospital setting would be. An easy way to think of it - and it's one of the definitions that we use - is medically discharged. The way that you can think about that is, if you or a loved one is in the hospital and the physician has said that you medically don't need to be there, you're medically discharged. They actually sign off on that to say you're medically discharged.

That means, though, that you still may need to go someplace, because maybe your home isn't ready to receive you - maybe there are renovations - that's the Home First program that the government has. Maybe you're waiting for a long-term care home. In Central Zone, as of this week, I think there are 142 people waiting for a long-term care home.

Just in the Central Zone, there would be over 200 - I think it's around 216 - people who are in this category of alternative level of care today. You need care of some sort, but you don't need it in the acute system. As we talked about, this all backs up and manifests itself in the emergency room. For instance, as of the data that we received at 2 a.m. today, there are 19 people waiting at the Halifax Infirmary emergency room for a bed. They've been admitted, and they can't get a bed, so they're in the hall. At the Dartmouth General Hospital this morning, as of 2 a.m., there were 13 people waiting in the hallway because they couldn't get a bed.

I don't say that lightly. I take that quite personally, because it's part of my responsibility to make sure that isn't happening. In some respects, I'm giving myself a bad report card today, but the point is that we need to be able to make space available so they can go through the system. It's those patients who need acute care. They were just admitted through an emergency department. At the same time, elsewhere in Central Zone, there are 200 individuals who are not receiving the best care that they could be, and that's part of the answer here, too.

I'm pleased to hear that everybody agrees with the model, that we can do better at providing care in a different place and in a different way. That's what we're trying to achieve.

One of the things - even through this process, we talk about cost benefit and these sorts of things - that does need to be considered is how we can do this as quickly as possible in a balanced way. What we have right now is 68 beds - before this most recent

announcement, it was 68 beds at West Bedford - and 68 beds over 365 days is nearly 25,000. That's 25,000 times, in one year, somebody's not in a hallway.

For us - although there are also financial things we could get into, if asked - it became very clear that the value was there for Nova Scotians to be able to have something up at least a year earlier than it would be in other situations.

JOHN A. MACDONALD: I'll defer my time to MLA Bain.

THE CHAIR: MLA Bain.

HON. KEITH BAIN: We know there's a capacity problem within the whole system. I was quite shocked when Ms. Oldfield mentioned about the Western Zone being up to as high as 140 per cent. That in itself is scary. We know that the government and the Department of Health and Wellness are trying to deal with this issue just by what we're talking about today.

My question would be: What would the consequences be if we move into that constant overcrowding? The system cannot stand 140 per cent and, indeed, cannot stand 100 per cent over capacity. What are the consequences, and what will this plan do to help solve some of those problems that are out there?

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: I think we're seeing the consequences of being in a constant state of overcapacity. I said at the outset that the holy grail of capacity in a hospital system is around 85 per cent, and those numbers haven't been seen in Nova Scotia for a long time.

There are many aspects of the consequences, but, at the end of the day, it all comes back to the patient and the patient not receiving the care they should receive in the place they should receive it. The consequences on family members who are trying to pick up the pieces, the consequences on our health care workers who don't get their vacation, don't get their overtime, have all of those things plus a pandemic, in the case of the last five years - we are living the consequences.

Our job, certainly Derek and my job, is to find the solutions. It's to see that problem and find solutions. That's really what we're trying to do, and everybody here is trying to do.

KEITH BAIN: Before, when you gave the figures about population over 65, that is an answer in itself, for it creates even more problems. The Auditor General in her report said this transition plan is good value for its money. I wonder if you could expand on that. It's a good value for the system. Could you expand on that, please?

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: You might be referring to the per-day cost aspects of the report.

KEITH BAIN: Yes, the transition part of it, that it's good value for the money.

DEREK SPINNEY: Yes. To put two points to what you're saying there, the Auditor General would have recognized the extreme pressure on the system in the report, and there was also a reference to costs or the value part of what you're paying for the different service. The average cost in the acute system - direct cost - would be about $975 per day, and that doesn't include the corporate services kind of thing. This is a bit loose, but just to help us tie it together, that $975 would be closer to the clinical component of the model that we've been talking about.

In addition to the $975, there's about another $275 that would be corporate services-related: housekeeping, management, these sorts of things. We have that all broken down by the type of room or patient that you would have too. Then there would be capital costs on top of that. You can get upwards of $1,400 per day very quickly. Again, that's an average.

In this particular model, we can do something much less than that and at the same time have people receiving a better level of care. All of those Ms. Oldfield was mentioning earlier - the OTs and the RTs, et cetera - those are the types of individuals, rather than the typical registered nurse, who really should be attending to these people. You're getting better, more customized care for a lower cost to taxpayers in Nova Scotia, so there certainly is value in that equation.

THE CHAIR: Just over one minute. MLA Bain.

KEITH BAIN: I'm going to give my colleague MLA Barkhouse a chance to get a question in.

THE CHAIR: MLA Barkhouse.

DANIELLE BARKHOUSE: Thanks, MLA Bain. I actually was in the health care profession for 17 years, I think, minus having a couple of children. I understand the bottlenecking of the beds, 100 per cent. Add on top of that, my ex was very ill five years ago and lived in the hallway of the South Shore Regional Hospital for a few months before we were able to get a bed.

I only have a minute.

THE CHAIR: Fifteen seconds.

DANIELLE BARKHOUSE: I guess I will wait until next round because I have no choice.

[10:15 a.m.]

THE CHAIR: Now we'll move on to the Liberal caucus again. We're going to do our second round of questioning. Nine minutes for each caucus.

MLA Clark.

BRAEDON CLARK: Obviously, a lot of the discussion today has been around beds and the need for beds. I wanted to go back to something to make sure I understand it fully. I think MLA Chender touched on this, as well, but in the AG's report, Paragraph 1.81, talking about the proposed Bayers Lake transitional care facility, which is not happening anymore, but it says: "The Bayers Lake transitional care facility was originally anticipated to be a 200-bed facility."

If that was going to be 200 beds, and Hogan Court, as one stand-alone building, which was the original conception, was going to be 68 beds, that's 268 beds. Now, under this proposal, what we have is 178 total beds on one site. So 268 to 78. That's fewer beds. That's 82 fewer beds. Do I have that wrong, or am I understanding this correctly?

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: I think we'll just take that away, because we just need more information, I think, because, like I say, in the technical briefing when it was announced, it was 120. I'm not going to try to ever say that we need less beds. There's another way to go get more beds, like put the highest number you can have on it. We just heard that we need over 700 for alternate level of care patients in Nova Scotia right now. I'm not sure if that's a typo. Maybe it's quite correct, so I don't want to say that it's a typo, but the way that we were approaching it was around the size of 120 in one place and 68 at another, but even now, when we're saying 178 at one place, this isn't going to solve health care in Nova Scotia.

We are continuing to look at what else we can do, and in the particular site at Bayers Lake we continue to look at options. Really, what we're trying to say is that this first round, if I can call it that, of trying to get a transition to community facility up and running of this magnitude, this is how we're doing it.

THE CHAIR: MLA Clark.

BRAEDON CLARK: I appreciate that. I just want to make the point that I think for the government caucus in particular to make the argument all about beds, beds, beds - which is, of course, critical, as I said from the beginning. No one disputes that. And yet to

see that potentially this might mean fewer beds - and maybe it means 178 in 20 months instead of 268 in 24 months, I don't know, and I don't think we have the answers to those questions. I think it's an important issue to raise, and I just wanted to raise it, because that's not my speculation, that's what it says here in the AG's report. I think that's a really important point.

Another thing I wanted to touch on, going back to a bit of the procurement question because this has been confusing to me over the last 24 hours, is this health and social services exemption. On page 30 of the AG's report, it says that the health and social services exemption was used for the $67.5 million operational contract for Hogan Court. Mr. Mitchell, when he was talking earlier, talked about the 23 exemptions, and they're listed here at the back of the report, which is good. There are 23, as Mr. Mitchell said, but health and social services are not listed. I know it's a new thing, and last night the Minister of Service Nova Scotia was talking about how the criteria for this exemption - there's still some grey, we're working with legal, we're working with IGA to figure out how this will play. Again, this is another situation I think where sometimes, in a mad rush to get things done, things are happening, and it doesn't feel as though a lot of the legwork has been done.

I just want to get clarity on this health and social services exemption. Should we be using this for very large figures - $67.5 million - if it doesn't appear to be fully baked?

THE CHAIR: Deputy MacKenzie.

DANA MACKENZIE: Thank you for the question, MLA Clark. I will begin, and I'm going to call on my colleague Mr. Mitchell - our Chief Procurement Officer - to elaborate. You point out something, I think, that is an interesting opportunity to clarify, with respect to the health and social services exemption and the use of that phrase, and in combination with the actual exemption list - the listing of alternative procurement circumstances that the Auditor General lists.

The phrase "health and social services exemption" is a phrase that comes from trade agreements, and our procurement obligations in Nova Scotia - like most provinces and territories - derive from the fact that we are parties to trade agreements. The one that is most relevant here is the Canada Free Trade Agreement and the Canada-European Union Comprehensive Economic and Trade Agreement as well, the European trade agreement that we enter into.

That phrase, health and social services exemption, comes from those agreements. I'll focus on the CFTA, MLA Clark, because is the paradigm that covers most of these things. The health and social services exemption is actually taken by all provinces and territories across the country. What it does is reserves out of that which we must offer up for procurement that which can fall under a health and social services exemption.

Because it is taken so broadly, that phrase is actually embedded in the CFTA and the actual exemptions that Nova Scotia has to carve out on an exception basis under CFTA doesn't include that phrase "health and social services exemption."

When an entity like a government department or the NSHA is talking about the health and social services exemption, we're talking about the policy flexibility - the word we use in trade law - to avail of that exception that is otherwise available to parties to the CFTA and CETA. Because we have that health and social services exemption, what happens then is every PT - provinces and territories, I apologize for the anacronym - they then particularize those health and social services exemptions inside their own legislation and policies and procedures in the province. In Nova Scotia, that finds articulation in our sustainable procurement policy and the list of alternative procurements that actually are there.

The exercise is one in which the parties who are procuring the actual good or service think about whether it is under the category of health and social services. The services here, the provision of health services in a transitional care facility, clearly are. That's something that's missing from a lot of the discourse on this, that there was actually a lot of work. As we heard about the 17 sites being looked at, the actual procurement process or the process that was determined to choose the operator in this particular case, what happens then is when the health and social services exemption is the territory that we are in then procurement actually works with us to determine, under our sustainable procurement policy, an alternative and our list of alternative circumstances.

What exception do we avail of here? As Mr. Mitchell will more fully explain that part of the process - and he is free to correct me on any of this.

THE CHAIR: MLA Clark, before we go to Mr. Mitchell you have 45 seconds left. Have you heard enough of this answer? Do you have another question?

BRAEDON CLARK: With 45 seconds I'll just say that Mr. Mitchell can go ahead. I do think there are a couple of other things I wanted to get to, but time is unforgiving, so I'll allow Mr. Mitchell to go ahead.

THE CHAIR: Mr. Mitchell, 20 seconds.

CHRIS MITCHELL: In 320 seconds, two things: One, exemptions are not the same as alternate procurement circumstances. Alternate procurement circumstances are defined in both the trade agreement and the policy as times when you can use limited tendering. Exemptions are clearly articulated in the trade agreement, and it says that for health and social services this trade agreement . . . (interruption).

THE CHAIR: Order. We'll now move on to the NDP caucus. You have nine minutes. MLA Leblanc.

SUSAN LEBLANC: I want to follow up on a couple of questions from the first round, but also make a couple of quick comments. The first one is that in both Deputy MacKenzie's opening remarks and Ms. Oldfield's opening remarks, you referred to Michael Pickup's Auditor General's report from 2016, I believe.

I just want to point out the irony that sometimes we think Auditor General reports are great and then sometimes they are not worth paying attention to. It's particularly ironic that both of you quoted from Mr. Pickup's report about how bad the health care system was getting and the trouble that we were going to be in, or that we were, and we continue to be in - totally agree with that. The fact is that we are here today to talk about the issues the Auditor General has taken with this process.

I just want to point out that I think we need to be able to take those comments and we need to be able to accept them and give good reasons why we're not going to listen to them. I've heard some good reasons, thus far, actually. Mr. Spinney, I appreciate your explanations on a number of the decisions and the way they were made. It's very helpful. But I haven't gotten satisfaction with some of the questions.

I want to go back, before anything else, to Mr. Benoit. My colleague asked what the rationale was behind turning Hogan Court into a P3, rather than a purely public development. Was there a cost-benefit analysis completed, and if so, can that be tabled?

THE CHAIR: Mr. Benoit.

DAVID BENOIT: Part of that question was about how they could build faster, so I was working towards that. The government was in the process of trying to deliver on Hogan Court Phase 1 when the decision was made that we would move in a different direction.

I wouldn't call it a P3 myself. I would call it a private development now because they're going to take over ownership of the asset, they're going to take over ownership of the land, and they're going to develop it with their team. Of course, at any point in time the government is able to make that decision, and should, based on the data and the information that they get. I would hope that everybody would, based on data and information, make the best decision with the data that they have.

The unsolicited proposal came in - it didn't come to me. I was supportive in the areas that we needed to provide information in order for them to make an assessment and a decision. I don't have any other information in terms of how that unsolicited proposal was evaluated. I do know that it was evaluated. I guess that's all I would be able to provide specifically on that particular question at this time.

THE CHAIR: MLA Leblanc.

SUSAN LEBLANC: Just so you know, the Premier, in Question Period yesterday, referred to it as a "public-private partnership." Maybe we should just check in with the Premier's Office, or maybe someone who is on the Premier's Health Leadership team, and just find out exactly what we're talking about. Can anyone - does Ms. Oldfield want to let me know - do you consider this a P3 project, as the Premier suggested in Question Period, or do you consider it something else?

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: I actually think that P3 has very specific legal meaning, and I would not be able to say it does or does not fall within that. However, what I would share is that we had an opportunity to partner with the private sector. A partnership isn't necessarily, but could be, a P3. I think the important thing here is the fact that we received the unsolicited proposal, signed by the private sector, seeing an opportunity. That was evaluated and it was determined to proceed with it. That's how I would classify it.

THE CHAIR: MLA Leblanc.

SUSAN LEBLANC: Great. I'm wondering if that evaluation can be tabled.

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: The short answer is no, and the longer answer is because we're negotiating that right now. Again, we can't prejudice the last bit. Did we do a cost-benefit analysis? The answer is most certainly yes. The data that we have, the analysis that we have, compares this extremely well to what we see in the long-term care sector. The analysis has been done. It has concluded that this is good value and that's really why we're doing it.

I know that we're always talking about dollars - I'm an accountant, so that's my black and white safe space - but we can't talk about that without understanding what we're getting to. We pay for something, yes, and we get a dollar value, but then we have to compare it - what did you get for it, and was that balance? Did you get value for money and not just how much did you spend, but what also did you get for it in return?

SUSAN LEBLANC: I agree with that completely. That's the crux of the Auditor General's report, that there are many signs that point to the fact - of course, now we're talking about a different situation because things have changed. Before the sale of Hogan Court, we were talking about the issues with value for money for it.

How much time, Chair?

THE CHAIR: You have almost two minutes.

SUSAN LEBLANC: First, Ms. Oldfield, something you said earlier was, "We're doing all this, and this is what we've achieved." I just want to point out that we haven't achieved it yet, because we don't have this. It's not open. We thought it was going to open this Spring, but now we have been told by the end of the calendar year. This is not a criticism of the project itself. I'm just saying we haven't achieved it yet.

[10:30 a.m.]

The last thing I want to say is that when somebody - either Ms. Oldfield or Mr. Spinney - talked about what your job is, helming Nova Scotia Health, is that your job is to find solutions. I want to ask this question because I do believe the people are wondering: In finding solutions, are we giving up on public health care in Nova Scotia?

KAREN OLDFIELD: Unequivocally, no. Absolutely not. There are many examples of partnering with the private sector - there is no question about that - but there is absolutely no desire, wish, or attempt to give up on the public system. On the contrary - and this is very important to me - our health care workers and our system are fundamental. I truly appreciate the work they do every single day and what they do for Nova Scotians. The answer is no.

THE CHAIR: MLA Leblanc with thirty seconds.

SUSAN LEBLANC: I'm glad to hear that we're not giving up on the workers. That's not what I mean. I mean the way our system is delivered, because what I'm seeing is that, when it's easier, faster, better value, and all that stuff for a private company to come in, we're going to do it. We're going to do it quickly and faster, and we're not going to think about the unintended consequences of a chunk of our health care dollars and a chunk of our health care patients being looked after in the private sector. It's a valid . . .

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

We'll now move on to the PC caucus. MLA Barkhouse.

DANIELLE BARKHOUSE: Before I start with a few questions, I'd like to clear something up. I've heard at this table from Opposition members a few times now, that our caucus is narrowing it down to beds. No, we narrow it down to people, which is our job as politicians - to take care of people. I understand we look at this - this purchase, this process, everything - through a different lens because we are part of government. We're not flipping sod and looking for worms to go fishing for gotcha moments, if you will.

I just wanted to get that very clear because as somebody from the health care profession, five or six years ago, whenever - I would have loved government to have opened beds, and my partner would have not been in a hallway with a school bell, trying to get some help. I wouldn't have had to put my family in the background to go up and do

the CCA work, the nursing work for him. I just want to make that perfectly clear because I'm a little offended by that.

From my understanding, we already have transition care sites in several of our hospitals. I'd like to hear your opinion on how a standalone would deliver compared to the sites we already have.

KAREN OLDFIELD: That is the case. The existing TCUs - Transitional Care Units - exist within a hospital setting they are a part of. Therefore, the model of care is analogous to and is what is provided in an acute care hospital versus the standalone. What will take place here is a very specialized group of professionals who can meet the unique needs of every patient coming into the facility - I referred to the Ts earlier - the recreation therapists, the physiotherapists, the occupational therapists, those who specialize in frailty and those who specialize in geriatric medicine. People who understand the unique needs of community members who may need some specialized help to relearn or learn something, to enable them to live independently. That's the primary difference, that we're able to carve and design, and in this case co-design, with our private sector partner that specific model of care that is going to get people home faster.

THE CHAIR: MLA Barkhouse.

DANIELLE BARKHOUSE: Thank you for explaining that. That's great, and it goes back to what Mr. Spinney had said earlier about value for money because it is here. I don't look at it through an accountant's lens, I look at it through a health care provider's and now a public servant's lens.

Also, we talked a little bit earlier about the Bayers Lake land. I'm just wondering what the benefits could be for the health care system as this land is freed up for possibility of new health care infrastructure.

THE CHAIR: Mr. Spinney.

DEREK SPINNEY: The best thing about it is that it gives us the flexibility. We're always learning and growing and innovating. What we are now doing through the master planning that we heard mentioned earlier is the early works kicking off at the Halifax Infirmary today. That's a large part of it, of course. Through the master planning, what do we need where? That was announced on December 15th, as well as part of the infrastructure plan where we're looking at the Dartmouth General Hospital - what else can be done there? Cobequid Community Health Centre: what else can be done there?

As we've talked about it originally, that was the destined location for transition to community beds. Now that this first phase can be developed in one place through this partnership, that gives us the flexibility to re-examine that site to say, What's the best way that we could do that? We could still put beds there.

We could still explore and create an urgent treatment centre, for instance. We've recently introduced that over the last year - urgent treatment centres across the province. I think there are about seven now. Over 75,000 people have gone through those. It's a great way to be able to get people away from the emergency departments.

The emergency departments in Nova Scotia, the way that we track people coming in is by what we call the CTAS levels, or the levels of acuity coming in. CTAS IV and V are the types of situations where we would rather have them go someplace else because it's not truly an emergency, but they may not know where to go. Through the app and other ways, we've been able to divert people away from the emergency departments into things like the urgent treatment centres. So much so that our Level IVs and Vs going into emergency departments are down year over year. We're seeing some good progress.

It's a long way of saying it opens up the door for us to be able to re-examine what the best use is for that particular property.

THE CHAIR: MLA Barkhouse.

DANIELLE BARKHOUSE: I'd like to not give a question but give anyone on this panel the opportunity to make a statement on - we're constantly at these committees, bam-bam-bam with questions - to make a statement on your thoughts of this whole process and the benefits to have Hogan Court, if you will, for lack of a better term - in our health care system for our Nova Scotians who have years and years - have been trying to find a politically correct way of saying suffering within the system due to lack of beds, due to lack of finances, due to lack and lack and lack.

THE CHAIR: Deputy Minister MacKenzie.

DANA MACKENZIE: Thank you for the opportunity, MLA Barkhouse, and I will hand the microphone and the floor to my colleague, Ms. Oldfield on this particular item.

I also wanted to address the statement made earlier by MLA Leblanc. We do respect the recommendations of the Auditor General. It's a really important part of how we conduct ourselves in Nova Scotia. In terms of talking about this process and talking about all the due diligence that did occur, and the processes that were engaged in, we do actually respect, and have adopted, all of the recommendations that Auditor General Adair has made.

With the opportunity to talk about how this process will benefit Nova Scotians and its impact on the health system, I'll give the microphone to my colleague from Nova Scotia Health Authority.

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: I'm really excited by this. I think it is a completely new, innovative way to provide care to Nova Scotians. I'm very excited that we have a partner who sees the opportunity and shares the vision. When I mentioned a moment ago about co-designing the model of care, that's in fact what has happened over the past any number of months since this began.

Shannex is excellent and known across this country. I think what really makes me happy here is that they share what can be. I do honestly believe, in my heart of heart of hearts, that this is going to be spectacular. It will be…

THE SPEAKER: Order. The time for PC caucus questioning has elapsed.

We now have an opportunity for final remarks from Deputy Minister MacKenzie and President Oldfield.

Deputy Minister MacKenzie.

DANA MACKENZIE: I'd like to thank the committee for their time here today and their excellent questions, and my colleagues as well, for their work and preparation for this event. At the Department of Health and Wellness, we want to thank the Auditor General for her recommendations. We're really excited to echo the comments of my colleague, Ms. Oldfield, about the impact that this will have on the system and the many learnings that all of us can bring forward as we continue to innovate in service of Nova Scotia's health care system.

THE CHAIR: Ms. Oldfield.

KAREN OLDFIELD: To conclude, this facility will become known as a centre of excellence for geriatrics. Things will happen there that we will look back on and say, "We should have done this long ago." I truly believe that. I'm very committed - very committed - to making sure this can be as good as it possibly can for the people of Nova Scotia.

Every single person here has worked really hard on this file - really hard - to bring it to fruition, and I want to thank each and every one of you for what you have done - in the back, as well - and many others besides.

I appreciate our partnership with Shannex. I really look forward to the innovation that will come. I'm proud of this. I recognize what the deputy minister has said and echo the comments. We are learning. We're going to continue learning. We're going to continue delivering for the people of Nova Scotia, and we will do that to the very best of our ability.

THE CHAIR: With that, our witnesses are excused. I'm going to have a three-minute recess to allow you to move swiftly out of the room, because we do have committee business.

The committee is in recess.

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

[10:45 a.m. - committee reconvened.]

THE CHAIR: Order. The first item on our agenda is the endorsement of Auditor General recommendations. This committee has a practice of endorsing Auditor General recommendations. I'm asking for a motion.

MLA MacDonald.

JOHN A. MACDONALD: 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: Development of Transitional Care Facilities* that have been accepted by the audited departments or agencies and ask that those departments and agencies commit to and take responsibility for full and timely implementation of the recommendations accepted by those departments and agencies.

THE CHAIR: Any discussion?

All those in favour? Contrary minded? Thank you.

The motion is carried.

April 3, 2024 witness availability: All witnesses approved by the committee are happy to come. Some are not available. They may need to appear by video. Is there any concern about that?

MLA Barkhouse.

DANIELLE BARKHOUSE: They may attend by video, or will be attending by video? Either they're going to be here, or they're going to be on video?

THE CHAIR: Well, first of all, the committee would have to agree that they could appear by video. We have one person who is out of the country, and the other person just simply isn't available on that date. Everybody's indicated they're happy to come to committee.

You have a choice here: come to the committee - do it without them, which I don't think is what we want to do, but that's up to you. They can appear via video, or we can move it. Did I say to move it to another date? Did I say that already?

DANIELLE BARKHOUSE: Okay. It's just that you said, "may attend by video," so I didn't know - if they're here on video, I'm fine with that, I'm not saying that. I want them to be part of that session.

THE CHAIR: Yes. MLA Leblanc.

SUSAN LEBLANC: Can you just tell us who it is? So we know.

THE CHAIR: Yes. There was an issue with Shupe & Associates and with Deloitte. The Deloitte person will be out of the country. I'm sorry - this just came to me last night, so I don't have a whole lot of details here, but they are happy to appear via video - Deloitte is. I'm not clear on Shupe - they may send someone else. It may be a different person, but they will have someone there, too, was my understanding.

In this case, could we have a motion that those witnesses from Deloitte and Shupe and Associates may appear via video? Okay, Mr. Young has moved that.

All those in favour? Contrary minded? Thank you.

The motion is carried.

MLA Young.

NOLAN YOUNG: I'm looking to speak to the correspondence that we have next from the NSTU. This whole thing is unfortunate - the way this played out. Of course I care about violence in schools. Of course we're compassionate to teachers. I have children in school. I've met with teachers. I have family who are teachers. I've advocated for teachers.

THE CHAIR: MLA Young, that's part of the discussion, so I just want to say we have two pieces of correspondence that have come in: one from Paul Lenarczyk, and one from Ryan Lutes, President of the Nova Scotia Teachers Union. Now I will open the floor for discussion.

NOLAN YOUNG: As I was saying, of course I care about teachers. Of course I care about violence in schools. I have kids in school. I have friends who are teachers. I've met with teachers. I have advocated for teachers. In fact, I am a former NSTU member.

The facts are that I got into this racket, believe it or not, for honesty - that you'd have some integrity coming into the back end of this. We just accept the recommendations of the Auditor General for the report that, I'll add, nobody has seen. I don't know the contents. Chair, you don't know the contents. The NSTU doesn't know the contents. We don't know what is in this report.

All we know is that there was a recommendation to have a witness provided by the Auditor General. We accept that witness.

Will there be future opportunities for the NSTU to voice concerns and stuff? Absolutely. We have lots of committees, and there's lots of time, but in this instance, the recommendations are departmental recommendations within the school system. In fact, the NSTU is meeting monthly with the department, and they have been doing that since December. Every month, they are meeting to talk about the school code of conduct and safe and inclusive schools. These discussions are happening.

With respect to this Auditor General's report, the witnesses they wanted for this one - there will be many more meetings, there will be many more opportunities. I just want to make this clear, because the way I am seeing this painted is that we don't want teachers to talk. We don't want to hear from them. Of course we do. I still consult with them. I still hear them.

This is incredibly important, not only to me but to our government and to the people of Nova Scotia. I hope I am clear that the NSTU is talking with departments now. The NSTU will have future opportunities. For the contents of this report that nobody has seen and that has to do with departmental recommendations - it's not me picking the witnesses. This is the Auditor General whose recommendations we're accepting. Even five minutes ago, we accepted her recommendations. It's an independent body.

With those words, I just wanted to clear the record, because I found this unfortunate.

THE CHAIR: Thank you, MLA Young.

MLA Clark.

BRAEDON CLARK: I just want to say I respect MLA Young. I believe everything he said about what is going on with the departments - obviously a personal respect for teachers - no question.

The one thing I will say is that, yes, we have not seen the report. The title - I don't know if I have it exactly right - is *Preventing and Addressing Violence in Public Schools*. The likelihood that that report and its contents will have no bearing or relevance to teachers is zero. It just is. I'm not a mind reader, but I'll make that prediction safely.

Whatever the practice of the committee, I am the newest member here - has been - good, bad, or indifferent - I think we do a disservice when we say we're just going to keep doing things because it's the way it's been done, and that's the only justification. I don't think that's a good enough justification.

If we were going to have a report about crime rates in Nova Scotia, it would be prudent to have police officers. If we were going to have a report about issues in the fishery, it would be relevant to have fishers. This is the same issue, the same exact principle. I am not trying to make this an issue of who likes teachers and who doesn't like teachers. That's not it. The point is, I would bet my bottom dollar that the contents of this report will have relevance for teachers who are in the classroom every day, independent of what's happening between government and NSTU, which I'm sure is happening, as MLA Young has described. I just want to make that point.

THE CHAIR: MLA Leblanc, five minutes.

SUSAN LEBLANC: I also respect MLA Young and everything he's saying, although I do feel like there's some sort of sense of nefariousness going on. Really, it's not true. In subcommittee, we voted to have the NSTU as a witness, and then in the public committee, when that came to the public committee - I don't think I was here - the NSTU was removed by the majority of PCs. I just think that they should be here. I have nothing to do with the fact that the president or this other gentleman have written to the committee. I've had no contact with either of them, but it is true that I have children in school. I have family who are teachers. I have lots of friends who are teachers, and we know that the members of the NSTU were interviewed for this report. We hear all that time about violence in schools and how it affects teachers, and - this comes down to the public accounts - how it affects the dollars and cents. I just think it won't be a full conversation without them.

Anyway, listen, I know that nothing can change. This is just a discussion. There's no motion to put on the table or anything. I'm disappointed that there will not be - if the government doesn't have any questions for the NSTU, great, fine. Don't ask them questions. We just had 100 people here talking about Hogan Court. Why can we not add one more witness - or why did we have to take away a witness, pardon me, for this next discussion? Anyway, like I said, nothing's going to change. It's unfortunate. We have heard from union reps on many occasions at Public Accounts Committee, and this is no different.

THE CHAIR: MLA Young.

NOLAN YOUNG: Just one other thing about this process. The unfortunate process with how this committee sets agendas is through a subcommittee. In subcommittees, or in camera - you can't talk about the things that happen in camera. I can assure you that what was recommended is what I would support. If there are other external witnesses - I can't say whether things - I have to be careful with my words here. I can't say if the whole committee decided to go with the recommendations, even against the recommendations. For that report, it was clear that the content of the report was based on the department.

Again, this is not an attack on the NSTU. Of course, teachers are a massive part of this entire process, but you make it no different that - in these monthly meetings that are

happening between the NSTU and the department, would it be appropriate for us to say, Well, that must include the Public Accounts Committee in every one of these meetings? Just hear me out here. The NSTU is definitely part of this, 100 per cent; teachers, 100 per cent; parents, 100 per cent. Without even seeing the contents of this report, the witnesses that were recommended based on the one person who knows the contents of this report - I believe they even talked about who may not be appropriate, but I can't say who that may be, for this current report. Just let the process go out here. Yes, we've had union people in committees and stuff before. Yes, we've talked about the issues. For this report, I think it's pertinent that we find out the contents, we find out the recommendations, we understand the report, and we all work together collectively.

THE CHAIR: Order. The time for this committee has elapsed.

I will close with noting that our next meeting date is April 3, 2024, re *Report on the Misuse of Public Funds of the Liberal Association of Nova Scotia*.

I adjourn the meeting.

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