

ANNUAL REPORT

2015

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Honourable Kevin Murphy Speaker House of Assembly Province House Halifax, Nova Scotia

Dear Mr. Speaker:

On behalf of the Standing Committee on Economic Development, I am pleased to submit the Annual Report of the committee for the period from September 2014 to August 2015 of the Sixty-second General Assembly.

Respectfully submitted,

Mr. Joachim Stroink, MLA, Halifax Chebucto Chair Standing Committee on Economic Development

Halifax, Nova Scotia 2015

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INTRODUCTION

The Standing Committee on Economic Development, an all-party Committee of the House of Assembly, was struck at the beginning of the Sixty-second General Assembly. Pursuant to Rule 60(2)(ba) of the *Province of Nova Scotia Rules and Forms of Procedures of the House of Assembly:*

(ba) the Economic Development Committee is established for the purpose of considering matters normally assigned to or within the purview of the Nova Scotia Economic Renewal Agency and the Minister responsible for the Agency and the Department and Minister of Transportation and Public Works and matters relating to the Technology and Science Secretariat.

MEMBERSHIP

The membership of the Economic Development Committee is as follows:

Mr. Joachim Stroink, MLA – Chair Halifax Chebucto

Ms. Suzanne Lohnes-Croft, MLA – Vice-Chair Lunenburg

Ms. Margaret Miller, MLA Hants East

Mr. Derek Mombourquette, MLA Sydney-Whitney Pier Pictou Centre

Mr. John Lohr, MLA Kings North

Hon. Pat Dunn, MLA

Hon. Sterling Belliveau, MLA Queens-Shelburne

Hon. Denise Peterson Rafuse, MLA Chester-St. Margaret's

Mr. David Wilton, MLA Cape Breton Centre

MEMBERSHIP CHANGES

Hon. Pat Dunn, MLA, replaced Ms. Karla MacFarlane, MLA, in February 2015.
Hon. Sterling Belliveau, MLA, replaced Ms. Lenore Zann, MLA, in April 2015.
Ms. Margaret Miller, MLA, replaced Ms. Pam Eyking, MLA, in August 2015.
Mr. Derek Mombourquette, MLA, replaced Mr. Ben Jessome, MLA, in August 2015.
Mr. David Wilton, MLA, replaced Mr. Gordon Wilson, MLA, in August 2015.

PROCEDURES AND OPERATIONS

The Standing Committee on Economic Development meets on the first Thursday of the month at the Legislative Committees Office.

NOTICES, TRANSCRIPTS AND REPORTS

NOTICES

Notices of committee meetings are sent to all members of the committee, caucus office staff, legislative staff and Communications Nova Scotia. The notices are also posted in Province House and on the Nova Scotia Legislature website at the following address: http://nslegislature.ca/index.php/calendar/

TRANSCRIPTS

Transcripts of the Economic Development Committee meetings are available from the Legislative Library in Province House, the Legislative Committees Office or on the Economic Development Committee's web page at the following address:

http://nslegislature.ca/index.php/committees/committee hansard/C9/

REPORTS

All reports of the Standing Committee on Economic Development are compiled by the Legislative Committees Office and forwarded to committee members for consideration. Upon completion of the review and approval of the report, the Chair tables the report with the Speaker of the House of Assembly or with the Clerk of the House of Assembly.

Distribution of the report is as follows:

To the Speaker and the Clerk of the House of Assembly, committee members, all witnesses who appeared before the committee, the Nova Scotia Legislative Library, caucus offices and the media. The report is also available to the general public upon request from the Legislative Committees Office, and is available on the Economic Development Committee web page at the following address:

http://nslegislature.ca/index.php/committees/reports/economic_development

RESEARCH MATERIAL

All research for the Economic Development Committee is compiled by the Legislative Library in consultation with the committee clerk. Research material is compiled in an electronic format and is distributed by the committee clerk prior to the meeting to members, staff, and witnesses.

ACKNOWLEDGEMENTS

The committee wishes to extend its gratitude to all witnesses for their time and co-operation. Special appreciation is extended to the Legislative Committees Office; Hansard Reporting Services; Legislative Television and Broadcast Services and the Nova Scotia Legislative Library. Standing Committee on Economic Development Annual Report 2015

PUBLIC HEARINGS

DISCUSSION OF AGENDA

September 4, 2014

WITNESSES

There was no witness present at this meeting.

MATTERS OF DISCUSSION

The Department of Economic and Rural Development and Tourism were scheduled to appear before the committee on this date regarding the Comprehensive Economic Trade Agreement but requested that their appearance be deferred. There was no unanimous agreement of the committee members regarding this request or on an alternate course of action for the meeting; therefore, the committee met very briefly. No witnesses were present and no committee business was discussed. A motion was introduced:

- To adjourn the meeting.
 - Moved by Mr. Gordon Wilson, MLA
 - Motion carried

COMMITTEE BUSINESS

No committee business was discussed.

DOCUMENTATION

No documents/information were requested.

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2014sep04</u>

INVEST NOVA SCOTIA

WITNESSES

Department of Economic and Rural Development and Tourism

Mr. Simon d'Entremont – Deputy Minister Ms. Lilani Kumaranayake – Executive Director, Policy and Planning

Mr. Tom Traves – President Emeritus and Professor, Dalhousie University

MATTERS OF DISCUSSION

The Department of Economic and Rural Development and Tourism (ERDT) appeared before the committee to provide information regarding Invest Nova Scotia. The province engaged Tom Traves to conduct a review of economic development assistance tools. The review looked at best practices across a wide variety of jurisdictions, both in Canada and in the United States. Mr. Traves found that the best forms of decision making for economic development policy implementation involved arm's-length bodies, which were somewhat isolated from political pressure, were transparent and accountable. The policy works best when there are clear priorities, in terms of economic targets, and when funds are deployed to address those targets and ongoing monitoring and evaluation of the activities is conducted. One of Mr. Traves recommendations was that an arm's length independent board be created to manage business investment decisions; Invest Nova Scotia resulted from this recommendation.

In addition to creating Invest Nova Scotia, ERDT has taken action on the recommendations of Mr. Traves as well as the work of the One Nova Scotia Commission, and others. They have implemented the Accountability in Economic Development Assistance Act; created a website where the department posts assistance offered to businesses and their progress, which is updated every six months; clarified the mandates of Nova Scotia Business Inc. (NSBI), Innovacorp and ERDT; put in place five-year mandatory evaluations of agencies and programs and sunsetting programs; consolidated trade officers with NSBI; consolidated venture capital investments with Innovacorp; begun the establishment of a new venture capital fund and capital investment tax credit. Legislation has been amended to enshrine these changes.

The Act to improve economic development in Nova Scotia provides a new direction for economic development where the private sector will lead job creation.

COMMITTEE BUSINESS

The committee discussed rescheduling the Department of Economic and Rural Development and Tourism regarding the Comprehensive Economic Trade Agreement (CETA). The item will remain on the unapproved witness list until further notice. The committee will meet next on January 29th and the topic scheduled for discussion will be the Nova Scotia Soundstage and Infrastructure. An agenda-setting session will also be held at this meeting. It was further agreed that the following items would also be placed on the January 29th meeting agenda for discussion:

- Correspondence requesting that officials from BCE and Bell Aliant be invited to appear before the committee.
- The topic Social Finance: Keep Capital in Communities, CEDIFS, Social enterprise and other community funding models.
- Allowing the Chair full discretion over cancelling a meeting as well as inserting another topic/witness should the scheduled witness cancel.
- Allotting equal time for questioning of witnesses to each party.

It was agreed to forward the agenda to all members of the committee prior to the meeting date upon the approval of the Chair.

The 2014 Annual Report of the Standing Committee on Economic Development was reviewed. A motion was introduced:

- That we approve the annual report for the Standing Committee on Economic Development.
 - Moved by Mr. Gordon Wilson, MLA
 - o Motion carried

DOCUMENTATION

No documents/information were requested.

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2014nov27</u>

NOVA SCOTIA SOUNDSTAGE AND INFRASRUCTURE

January 29, 2015

WITNESSES

Film & Creative Industries Nova Scotia Ms. Lisa Bugden – President and CEO

ACTRA Maritimes

Mr. Richard Hadley – Branch Representative

IATSE Local 849 Mr. Gary Vermeir – Business Agent

Directors Guild of Canada Mr. James Nicholson – Business Agent

MATTERS OF DISCUSSION

This item had been scheduled for October 2, 2014; however, a request was received to reschedule the matter.

Film and Creative Industries Nova Scotia was created in April 2013 and specifically focuses on film and creative industries. Extensive consultations were held with industry over the last year and a half to understand the opportunity for film as well as creative industries in the province and to assist in the development of a five-year strategic plan. There is great opportunity to increase the contribution of the creative industries, which will be beneficial to the province.

ACTRA Maritimes is a branch of a national organization of professional performers.

IATSE Local 849 is a union representing Atlantic Canadian motion picture studio production technicians.

The Directors Guild of Canada is a national labour organization representing key creative and logistic personnel involved in screen-based industries.

The union representatives spoke to the talent in production, acting, knowledge and professional development, and to the spin-offs produced which benefit the economy through salaries, buying power, creating entrepreneurial trades for others through the needs of the industry such as vehicles, gear, props, catering, etc.

The lack of a dedicated soundstage facility affects the ability of the industry to offer full production services year-round. Work increases during the fall and summer, but production over the winter months remains limited to smaller projects and animation work due to the lack

of facilities. A permanent soundstage would not only provide a place to shoot 12 months of the year but would assist in attracting bigger projects.

It was noted that with the continued confidence in the industry, careful analysis of the incentives needed to stay competitive and the addition of a soundstage, the industry will continue to grow.

COMMITTEE BUSINESS

An agenda-setting session was held and witness were selected. Motions were introduced to invite:

- Canadian Federation of Independent Business (CFIB) and the Halifax Chamber of Commerce
 - Moved by Ms. Suzanne Lohnes-Croft, MLA
 - o Motion carried
- Nova Star Cruises along with ERDT Officials
 - Moved by Ms. Karla MacFarlane, MLA
 - o Motion carried
- Social Finance: Keep Capital in Communities, CEDIFs, Social enterprise and other community funding models
 - Moved by Mr. Ben Jessome, MLA
 - Motion carried
- Irving Shipbuilding
 - Moved by Ms. Karla MacFarlane, MLA
 - Motion carried

The committee also discussed correspondence received from the Honourable Jamie Baillie requesting that the committee consider inviting officials from Bell Aliant to discuss the impact of privatization on the economy. It was agreed that this item was no longer timely and there was no interest in having officials from Bell Aliant appear.

The issue of allotting time for each caucus to ask questions during meetings was again discussed by the committee. It was indicated that the PC Caucus had written to the House of Assembly Management Commission requesting that rules be uniform across committees. A motion was introduced:

- To defer the issue of allotting time for each caucus to ask questions pending clarification of committee rules.
 - o Moved by Mr. John Lohr, MLA

• Motion carried

A discussion was held regarding the February meeting date and the meeting schedule during the upcoming sitting of the Legislature. It was agreed to schedule a meeting on February 19th. It was further agreed that the committee would not meet while the House was in session.

The committee discussed the cancellation of meetings and substitution of witnesses. A motion was introduced:

- That the chairman of this committee can either cancel or change the witnesses, first going to the list, and if the list is not available, then to put another witness forward so that we can at least have a presentation or something of substance that can help the economy of Nova Scotia.
 - Moved by Mr. Ben Jessome, MLA
 - Motion carried

DOCUMENTATION

No documents/information were requested.

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2015jan29</u>

THE COMMUNITY AND SOCIAL FINANCE LANDSCAPE IN NOVA SCOTIA

February 19, 2015

WITNESSES

Department of Economic and Rural Development and Tourism

Mr. Simon d'Entremont – Deputy Minister
Mr. Michael Johnson – Executive Director, Regional Planning and Development
Mr. Derek Harvey – Corporate Strategist
Mr. Dale Proude – Investment Manager

MATTERS OF DISCUSSION

Officials from the Department of Economic and Rural Development and Tourism appeared before the committee to provide an overview of the community and social finance landscape in the province. Community and social finance is an important source of capital and talent which supports regional economic development and helps to address the gap in traditional and commercial lending. Funding comes from the community and is invested back into the community opportunity, which is of particular benefit to rural communities. Social enterprises conduct business-like operations and invest the profits in the organization's social cause. Community Economic Development Investment Funds, the Credit Union Small Business Loan Guarantee Program and Invest Nova Scotia are some of the tools that are available to support social enterprise.

COMMITTEE BUSINESS

There was no committee business.

DOCUMENTATION

The following information was requested from the Department of Economic and Rural Development and Tourism and has been received.

• A listing of various provincial government entities individual businesses can contact for government assistance.

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2015feb19</u>

BUSINESS SECTOR IN NOVA SCOTIA

March 5, 2015

WITNESSES

Halifax Chamber of Commerce

Ms. Nancy Conrad – Senior Vice-President, Policy Mr. Eric Blake – Policy and Research Analyst

Canadian Federation of Independent Business

Mr. Jordi Morgan – Vice President, Atlantic Canada Mr. Nick Langley – Director, Provincial Affairs Nova Scotia

MATTERS OF DISCUSSION

The Halifax Chamber of Commerce and the Canadian Federation of Independent Business (CFIB) appeared before the committee to provide information regarding the business sector in Nova Scotia.

The Halifax Chamber of Commerce is an advocate and strong voice that promotes the interests of Halifax businesses. The Chamber's All Ships Rise program provides training to help businesses become more innovative and competitive. The goal of the 2013-2018 strategic plan is for Halifax to be among the top-three highest-growth city economies in Canada, and is currently focused on reducing the tax burden and promoting immigration to assist in achieving this goal.

The Canadian Federation of Independent Business is the voice for small business and works to protect Canada's free-enterprise economy. CFIB members feel that the general state of business is good in the province and are pleased with the work being done with respect to interprovincial trade barriers. A survey was conducted in advance of the provincial budget. The overall tax and regulatory burden, equality of labour laws, reduction of the provincial public service, the small business tax and bracket creep were noted in the survey as areas of concern to small and medium businesses in the province.

COMMITTEE BUSINESS

There was discussion with respect to the possibility of changing the day of the week that the committee meets on as well as the meeting time. The clerk was requested to review the meeting schedule of all committees and report back to the committee. A motion was introduced:

- That meetings of the Standing Committee on Economic Development be scheduled for a more appropriate time going forward.
 - o Moved by the Hon. Pat Dunn, MLA

• Motion deferred

DOCUMENTATION

The following information was requested from the CFIB and has been received:

• A breakdown of the geographic distribution of the 5,200 CFIB members in Nova Scotia.

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2015mar05</u>

NATIONAL SHIPBUILDING PROCUREMENT STRATEGY CONTRACT UPDATE

Irving Shipbuilding Inc.

Mr. Chris MacDonald – Vice President, Government Relations and Industrial Benefits Program
 Mr. Scott Jamieson – Vice President, Programs
 Ms. Anna Marenick – Director, Community Relations and Value Proposition

MATTERS OF DISCUSSION

Officials from Irving Shipbuilding Inc. appeared before the committee to provide an update on the National Shipbuilding Procurement Strategy Contract. The National Shipbuilding Procurement Strategy was announced in October 2011. Irving Shipbuilding was awarded the contract to build the next generation of combat vessels for the Canadian Military in partnership with the Government of Canada. The \$29 billion naval combat package will provide 25-30 years of steady work and produce 21-23 ships. Significant resources have been invested to modernize the shipyard to meet the needs of the contract. The Arctic offshore patrol ship (AOPS) design contract is on time and on budget, with steel cutting to commence on the first two ships in September 2015. An estimated 1000 direct and indirect jobs will be created at peak production. To date, 2000 direct and indirect jobs have been created representing \$100 million in wages and over \$190 million awarded in company contracts, relating to the facility modernization and AOPS contract. Construction of the Canadian surface combatants is slated for 2020. They have partnerships with the Nova Scotia Community College and Dalhousie University with a view to producing a talented workforce base. The stability provided by this contract will provide sustainable employment for a new generation of shipbuilders.

COMMITTEE BUSINESS

The Chair received approval of the committee to continue the meeting past the scheduled end time of 11:30 am in order to deal with the remaining committee business.

The following correspondence was received:

- Correspondence from the Department of Economic and Rural Development and Tourism (ERDT) providing information requested at the February 19th meeting. It was agreed to resubmit the request to the Department of Business to confirm that the information is still current, as ERDT no longer exists
- Correspondence from the Canadian Federation of Independent Business providing the information requested at the March 5th meeting.

• E-mail from Amy Hall. As the content of Ms. Hall's e-mail related to economic development issues, the committee agreed to send the e-mail to the Department of Business for response.

The clerk had provided members with information regarding available meeting times and further discussions took place regarding changing the scheduled meeting time. A motion was introduced:

- To look at the possibility of moving the Thursday meeting back to a Tuesday meeting.
 - Moved by Hon. Pat Dunn, MLA
 - Motion defeated

It was agreed that an agenda setting session would be held at the September 3, 2015 meeting.

DOCUMENTATION

The following information was requested and has been received from Irving Shipbuilding:

- A list of the 78 Nova Scotia companies that have participated and are participating in the facility modernization and the AOPS contract.
- A breakdown of the ratio of the temporary and the contract jobs to full-time leading into 2016 after the AOPS is underway, and the same information as a projection for 2017.
- Are any of the registered supplier companies from Cape Breton?

TRANSCRIPT

The transcript of the meeting can be found at: <u>http://nslegislature.ca/index.php/committees/committee_hansard/C9/ed2015jun04</u>

Standing Committee on Economic Development Annual Report 2015

Statement of Submission

STATEMENT OF SUBMISSION

All of which is respectfully submitted to the House of Assembly this 13 day of October, 2015

Mr. Joachim Stroink, MLA – Chair Halifax Chebucto

izanne Lohnes-Croft, MLA – Vice Phair Lunenburg

Hon. Pat Dunn, MLA

Ms. Margaret Miller, MLA Hants East

Mr. Derek Mombourquette, MLA Sydney-Whitney Pier

Mr. David Wilton, MLA Cape Breton Centre

Pictou Centre

Mr. John Lohr, MLA Kings North

Hon. Sterling Belliveau, MLA Queens-Shelburn

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Hon. Denise Peterson-Rafuse, MLA Chester-St. Margaret's Standing Committee on Economic Development Annual Report 2015

APPENDICES

APPENDIX A – MOTIONS

The following is a list of motions introduced by the Standing Committee on Economic Development:

September 4, 2014

The Department of Economic and Rural Development and Tourism had been scheduled to appear before the committee on this date regarding the Comprehensive Economic Trade Agreement but requested that their appearance be deferred. There was no unanimous agreement of the committee members regarding this request or on an alternate course of action for the meeting; therefore, the committee met very briefly. No witnesses were present and no committee business was discussed. A motion was introduced:

- To adjourn the meeting.
 - Moved by Mr. Gordon Wilson, MLA
 - o Motion carried

November 27, 2014

The 2014 Annual Report of the Standing Committee on Economic Development was reviewed. A motion was introduced:

- That we approve the annual report for the Standing Committee on Economic Development.
 - Moved by Mr. Gordon Wilson, MLA
 - o Motion carried

January 29, 2015

An agenda setting session was held and witness were selected. Motions were introduced to invite:

- Canadian Federation of Independent Business (CFIB) and the Halifax Chamber of Commerce
 - Moved by Ms. Suzanne Lohnes-Croft, MLA
 - Motion carried
- Nova Star Cruises along with ERDT Officials
 - Moved by Ms. Karla MacFarlane, MLA
 - $\circ \quad \text{Motion carried} \quad$

APPENDIX A – MOTIONS (cont'd)

- Social Finance: Keep Capital in Communities, CEDIFs, Social enterprise and other community funding models
 - Moved by Mr. Ben Jessome, MLA
 - Motion carried
- Irving Shipbuilding
 - Moved by Ms. Karla MacFarlane, MLA
 - Motion carried

The issue of allotting time for each caucus to ask questions during meetings was again discussed by the committee. It was indicated that the PC Caucus had written to the House of Assembly Management Commission requesting that rules be uniform across committees. A motion was introduced:

- \circ $\,$ To defer the issue of allotting time for each caucus to ask questions pending clarification of committee rules.
 - Moved by Mr. John Lohr, MLA
 - Motion carried

The committee discussed the cancellation of meetings and substitution of witnesses. A motion was introduced:

- That the chairman of this committee can either cancel or change the witnesses, first going to the list, and if the list is not available, then to put another witness forward so that we can at least have a presentation or something of substance that can help the economy of Nova Scotia.
 - Moved by Mr. Ben Jessome, MLA
 - o Motion carried

March 5, 2015

There was discussion with respect to the possibility of changing the day of the week that the committee meets on as well as the meeting time. The clerk was requested to review the meeting schedule of all committees and report back to the committee. A motion was introduced:

- That meetings of the Standing Committee on Economic Development be scheduled for a more appropriate time going forward.
 - Moved by Hon. Pat Dunn, MLA
 - o Motion deferred

APPENDIX A – MOTIONS (cont'd)

June 4, 2015

The clerk had provided members with information regarding available meeting times and further discussions took place regarding changing the scheduled meeting time. A motion was introduced:

- To look at the possibility of moving the Thursday meeting back to a Tuesday meeting.
 - Moved by Hon. Pat Dunn, MLA
 - Motion defeated

APPENDIX B - DOCUMENTATION

The following is a list of documents and information requested and received by the Standing Committee on Economic Development:

February 19, 2015

Department of Economic and Rural Development and Tourism

The following information was requested from the Department of Economic and Rural Development and Tourism and has been received.

• A listing of various provincial government entities individual businesses can contact for government assistance.

March 5, 2015 Canadian Federation of Independent Business

The following information was requested from the CFIB and has been received:

• A breakdown of the geographic distribution of the 5,200 CFIB members in Nova Scotia.

June 4, 2015 Irving Shipbuilding Inc.

The following information was requested and has been received from Irving Shipbuilding:

- A list of the 78 Nova Scotia companies that have participated and are participating in the facility modernization and the AOPS contract.
- A breakdown of the ratio of the temporary and the contract jobs to full-time leading into 2016 after the AOPS is underway, and the same information as a projection for 2017.
- Are any of the registered supplier companies from Cape Breton?

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