



# **Standing Committee on Public Accounts**

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*ANNUAL REPORT*

*2015*

Standing Committee on Public Accounts Annual Report 2015

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Halifax

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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 Public Accounts, I am pleased to submit the Annual Report of the committee for September 2014 to August 2015 of the Sixty-second General Assembly.

Respectfully submitted,

Allan MacMaster, MLA  
(Inverness)  
Chair  
Standing Committee on Public Accounts

Halifax, Nova Scotia  
2017

## TABLE OF CONTENTS

Introduction	v
Membership	v
Membership Changes	v
Procedures and Operations	vi
Subcommittee on Agenda and Procedures	vi
Notices	vii
Transcripts	vii
Reports	viii
Research Material	viii
Acknowledgements	vii

## STANDING COMMITTEE ON PUBLIC ACCOUNTS - MEETINGS

September 10, 2014	1
<b>Public Service Commission</b>	
Overtime Costs to Government	
September 17, 2014	3
<b>Workers' Compensation Board</b>	
Safety Association Funding	
September 24, 2014	5
<b>Mr. David Darrow - Deputy Minister to the Premier</b>	
Bluenose II Restoration Project	
October 8, 2014	7
<b>Communications Nova Scotia</b>	
Advertising, Procurement and Performance – May 2014 Report of the Auditor General, Chapter 3	
October 15, 2014 ( <b>In Camera</b> )	10
<b>Department of Finance and Treasury Board</b>	
Training Session	
October 22, 2014	12
<b>Department of Health and Wellness</b>	
Physician Alternate Funding Arrangements – May 2014 Report of the Auditor General, Chapter 6	
October 29, 2014	15
<b>Superintendent of Pensions</b>	
Financial Hardship Unlocking Program	

November 5, 2014	18
<b>Department of Energy</b>	
Energy Development and Opportunities	
November 19, 2014	21
<b>Department of Transportation and Infrastructure Renewal</b>	
Tenders for Roads and Bridges	
November 26, 2014	23
<b>Nova Scotia Liquor Corporation</b>	
Financial Update and Structure	
December 3, 2014 (In Camera)	26
<b>Office of the Auditor General</b>	
December 2014 Report of the Auditor General	
December 10, 2014	27
<b>Office of the Auditor General</b>	
December 2014 Report of the Auditor General	
January 28, 2015	30
<b>Office of the Auditor General</b>	
Bluenose II Restoration Project – January 2015 Report of the Auditor General	
February 11, 2015	32
<b>Department of Education and Early Childhood Development and Tri-County Regional School Board</b>	
Tri-County Regional School Board – December 2014 Report of the Auditor General, Chapter 3	
February 18, 2015	35
<b>Department of Health and Wellness</b>	
Surgical Waitlist and Operating Room Utilization – December 2014 Report of the Auditor General, Chapter 4	
February 25, 2015	37
<b>Office of the Auditor General</b>	
February 2015 Report of the Auditor General	
March 25, 2015	39
<b>Department of Internal Services – Information, Communications and Technology Services Branch</b>	
Governance of Information Technology Operations	

April 1, 2015	42
<b>Department of Community Services and Department of Internal Services</b> Integrated Case Management System – December 2014 Report of the Auditor General, Chapter 2	
April 8, 2015	44
<b>Service Nova Scotia</b> Services for Businesses	
April 15, 2015	47
<b>Department of Finance and Treasury Board</b> Brotein Tax and Regulatory Review	
April 22, 2015	49
<b>Department of Natural Resources</b> Mineral Resource Management – May 2014 Report of the Auditor General, Chapter 7	
April 29, 2015	51
<b>Department of Education and Early Childhood Development</b> iNSchool Student Information System – May 2014 Report of the Auditor General, Chapter 4	
May 6, 2015	53
<b>Nova Scotia Health Authority</b> Central Zone Staffing	
May 13, 2015	56
<b>Department of Health and Wellness</b> Long Term Care and Continuing Care Policies	
June 24, 2015	58
<b>Office of the Auditor General</b> June 2015 Report of the Auditor General	
<b>SUBCOMMITTEE ON AGENDA AND PROCEDURES - MEETINGS</b>	
October 8, 2014 - Agenda Setting	64
December 3, 2014 - Agenda Setting	65
February 25, 2015 - Agenda Setting	66

Standing Committee on Public Accounts Annual Report 2015

June 24, 2015 - Agenda Setting 67

**STATEMENT OF SUBMISSION**

Statement of Submission 69

**APPENDICES**

Appendix A – Tabled Documentation 70

Appendix B – Motions 71

Appendix C – Documentation 73

## INTRODUCTION

The Standing Committee on Public Accounts, 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)(b) of the *Province of Nova Scotia Rules and Forms of Procedure of the House of Assembly*:

(b) the Public Accounts Committee is established for the purpose of reviewing the public accounts, the annual report or other reports of the Auditor General, and any other financial matters respecting the public funds of the province.

## MEMBERSHIP

The membership of the Public Accounts Committee is as follows:

Mr. Allan MacMaster, MLA – Chair  
Mr. Iain Rankin, MLA – Vice-Chair  
Ms. Suzanne Lohnes-Croft, MLA  
Mr. Brendan Maguire, MLA  
Ms. Margaret Miller, MLA

Mr. Joachim Stroink, MLA  
Mr. Tim Houston, MLA  
Hon. Maureen MacDonald, MLA  
Hon. Dave Wilson, MLA

## MEMBERSHIP CHANGES

There were no membership changes.

## PROCEDURES AND OPERATIONS

The Standing Committee on Public Accounts traditionally meets weekly on Wednesday morning in either the Legislative Chamber in Province House or in the Legislative Committees Office.

The Auditor General for the Province of Nova Scotia attends all meetings of the Standing Committee on Public Accounts. As well, in camera briefings are provided by the Auditor General and staff to the members of the Public Accounts Committee in advance of meetings related to Auditor General Reports.

## SUBCOMMITTEE ON AGENDA AND PROCEDURES

The Standing Committee on Public Accounts' all-party Subcommittee on Agenda and Procedures is comprised of the Chair, Vice-Chair and a member of the Third Party. The Auditor General and staff attend the meetings of the Subcommittee on Agenda and Procedures.

The Subcommittee on Agenda and Procedures meets *in camera* at the call of the Chair to review and propose topics to be scheduled before the Public Accounts Committee, assist in finalizing reports, review sensitive documents, monitor the progress of the committee's work and other matters as deemed necessary.

When meeting to review topics for scheduling, a Record of Decision is prepared by the clerk once the subcommittee has reached agreement on the topics to be proposed to the standing committee. The Record of Decision is placed on the agenda for consideration and approval at the next meeting of the standing committee. The standing committee may approve the topics as proposed or may amend the Record of Decision. Once approved, the clerk proceeds to schedule witnesses to appear before the Standing Committee on Public Accounts.

The membership of the Subcommittee on Agenda and Procedures is:

Mr. Allan MacMaster, MLA – Chair  
Inverness

Mr. Iain Rankin, MLA – Vice-Chair  
Timberlea-Prospect

Hon. Dave Wilson, MLA  
Sackville-Cobequid

The Chair requested and it was agreed that a member of the Official Opposition be invited to attend the meetings of the subcommittee. Mr. Tim Houston, MLA, Pictou East, has been regularly attending these meetings.

## NOTICES

Notices of the Public Accounts Committee meetings are sent to all members of the committee, staff of the caucus offices, Legislative staff, the Auditor General's Office and the House of Assembly Press Gallery. The notices are also posted in Province House and are on the committee's web page at the following address: <http://nslegislature.ca/index.php/committees/>

## TRANSCRIPTS

Transcripts of all Public Accounts Committee public hearings are available from the Legislative Library in Province House, the Legislative Committees Office or on the Public Accounts Committee's web page at the following address:  
[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/](http://nslegislature.ca/index.php/committees/committee_hansard/C7/)

## REPORTS

All reports of the Public Accounts Committee 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 to the Clerk of the House of Assembly, committee members, all witnesses who appeared before the committee, the Nova Scotia Legislative Library, the Auditor General's Office, the caucus offices and the media. The report is also available to the general public upon request through the Legislative Committees Office, and is available on the committees web page at the following address:

[http://nslegislature.ca/index.php/committees/standing\\_committees/public\\_accounts](http://nslegislature.ca/index.php/committees/standing_committees/public_accounts)

## RESEARCH MATERIAL

All research for the Public Accounts Committee is coordinated between the committee clerk and the researcher at the Legislative Library. Research material is compiled in an electronic format and is distributed one week prior to the meeting to members, staff and witnesses.

## ACKNOWLEDGEMENTS

The Standing Committee on Public Accounts wishes to extend its gratitude to the 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  
PUBLIC ACCOUNTS**

**MEETINGS**

OVERTIME COSTS TO GOVERNMENT

September 10, 2014

**WITNESSES**

Public Service Commission

Ms. Laura Lee Langley – Commissioner

Ms. Cynthia Yazbek – Executive Director, Employee Relations and Benefits

**MATTERS OF DISCUSSION**

Officials from the Public Service Commission (PSC) were invited to appear before the Public Accounts Committee to discuss Overtime Costs to Government.

Costs for overtime in the civil service have been consistent over the past number of years, ranging between about 1.5 per cent to 1.9 per cent, costing government between \$10 million and \$12 million annually. The Departments of Transportation and Infrastructure Renewal, Justice and Community Services are some of the biggest users of overtime. It was noted, however, that the percentage of overall payroll that is allocated to overtime is less in Nova Scotia than in many other provincial jurisdictions. The PSC is always looking for ways to mitigate these costs and to better use resources and assign workers so that there may be less of a burden on employees and department budgets.

Absenteeism is one factor that can trigger overtime. There are times where front-line service delivery must be maintained and it is necessary to replace those absent workers. For example, in correctional facilities where corrections officers are necessary at all times and at Access Centres where a required number of workers are needed to serve the public. It was also noted that absenteeism costs government \$26 million annually. Difficulty recruiting in certain fields, such as Justice, poses a challenge and can result in the usage of overtime.

Over the past year the department has been developing tools to allow them to look at employee absence patterns. The absence pattern reporting system will provide overtime costs by department and by function. This enables the PSC to see where the majority of workers are missing time and why; encourages conversations with employees about how to create a healthy work environment and to discover things that might be done to accommodate getting people back into the workplace after an absence.

It was noted that Nova Scotia is the first province to commit to psychological health and safety standards. These standards address issues around mental illness and mental health in the workplace. The Employee and Family Assistance Program has been expanded as a means to support employees and their families in crisis or in need of support.

The department is also introducing a new abilities case management system that will help to more effectively work with employees who are on short or long term disability in an effort to get them well and return them to the workplace.

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- An overview of the staffing levels of the Public Service Commission, ie: the number of employees who are covered and a breakdown between full-time, part-time, casual – whatever data you have.
- Contracting business vs overtime, please provide analysis, as well, overtime specific to plowing.
- Time in lieu that has been banked and approaching end of the fiscal year, can it straddle a year or is it always paid out at end of the year?
- Are the top five departments that generate overtime the most likely top five that have absenteeism, as well? Please provide numbers.
- Cost of programs per year that try to combat absenteeism or address it. Please provide information when available.
- Cost to taxpayers re: overtime meal allowance.
- Number of under 40-year-olds who are working in the Public Service Commission today. Please provide demographics.
- Number of Public Service Employees who are about to retire in the next 5 years. Please provide demographics regarding retirement.
- Cost analysis of how the hour-for-hour program saves government money as opposed to paying overtime.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014sep10](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014sep10)

**SAFETY ASSOCIATION FUNDING**

September 17, 2014

**WITNESSES**

Workers' Compensation Board

Mr. Stuart MacLean – CEO

Ms. Shelley Rowan – Vice President of Prevention and Service Delivery

Mr. Leo McKenna – Chief Financial Officer

**MATTERS OF DISCUSSION**

Officials from the Workers Compensation Board (WCB) were invited to appear before the Public Accounts Committee to discuss safety association funding.

Safety associations are funded in a number of various ways. Most funding comes from levies where WCB collects premiums. They are directed by Orders in Council or by a contractual arrangement on assessment premiums. Exceptions are AWARE-NS, which is funded by the Department of Health and Wellness, and the Farm Safety Association, which is funded by the Canadian Agricultural Safety Association and the Nova Scotia Federation of Agriculture.

Nova Scotia has eight industry safety associations and these safety associations also have contemporaries in forestry, retail gasoline, automobile dealers and farming sectors that are improving safety performance in the province. For example, the Construction Safety Association has reduced workplace injury rates by 30 per cent, as well as cutting costs by two-thirds. AWARE-NS has new programming on workplace violence in the health care sector. The Fisheries Safety Association is promoting PFD use and also man-overboard demonstrations. The Trucking Safety Association is doing more to encourage homes and businesses to make their properties safe when workers arrive and are working in these types of workplaces.

It was noted that the fishing sector has a high frequency level of injury, as well as experiencing high levels of severe injuries and fatalities. In collaboration with the Fisheries Safety Association, a particular focus is being placed on the fishing industry to reduce injuries and a Fishing Safety Strategy is being developed to increase awareness of workplace safety.

The WCB has a very good working relationship with the Safety Branch of the Department of Labour and Advanced Education and the safety associations. Together they have developed and are implementing Nova Scotia's Workplace Safety Strategy. The strategy contains initiatives targeted at small and medium-sized businesses to make information more accessible and easier to understand. The Department of Labour and Advanced Education is responsible for enforcement and regulation of workplace safety, while the WCB's mandate has a prevention focus.

It was noted that since 2005, workplace injuries have declined by more than 30 per cent - from over 9,000 time-loss injuries to less than 6,000 at present. The number of days lost to

workplace injury has also declined - from 1.2 million days in 2005 to just over 6,000 days presently. The number of people who receive extended benefits is also down by 40 per cent.

The WCB manages approximately 10,000 active claims and approximately \$200 million is paid to injured workers in benefits yearly. It was noted that changes were made to the Act in 1996 to compensate injured workers for lost wages, instead of being based on the part of their body that was injured. This change has been somewhat controversial as payments have been reduced based on the new compensation system.

Questions were asked regarding the assessment rates levied by the WCB. The average assessment rate is 2.65 per cent. Employers in Nova Scotia currently have the highest average assessment rate in Canada. Rates are high partly to amortize the unfunded liability of the WCB. In 2013 the WCB budget was \$437 million, of which \$296.8 million represented assessment revenue. Small and medium businesses account for 40 per cent of the payroll base

There were a number of questions asked relating to the WCB's unfunded liability. It was indicated that it is currently 71 per cent funded. The unfunded liability is a result of premiums not being sufficient to cover costs during the period from 1971-1986. Changes were made to the Act in 1992; whereby, the WCB must collect sufficient premiums to cover the current and future costs of claims made in each year.

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

No documentation/information was requested.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014sep17](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014sep17)

**BLUENOSE II RESTORATION PROJECT**

September 24, 2014

**WITNESSES**

Mr. David Darrow – Deputy Minister to the Premier

**MATTERS OF DISCUSSION**

Mr. David Darrow was invited to appear before the Public Accounts Committee to discuss the Bluenose II Restoration Project.

On May 28, 2014, the Premier asked Mr. Darrow to take responsibility for the Bluenose II Restoration file, to which he agreed. The Honourable Tony Ince had been responsible for the file prior to its transfer to Mr. Darrow. Mr. Darrow familiarized himself with the file, with a particular focus on the steering problem, as this was the outstanding deficiency that was preventing the vessel from sailing. The Premier asked the Auditor General to look into why the project was \$5 million over budget and over two years late being delivered; therefore, Mr. Darrow did not review this issue in detail. He focused his efforts on the steering problem and getting the vessel sailing.

The Department of Communities, Culture and Heritage (CCH) is still actively involved and continues to manage the contracts with the project manager and project designer, oversee work being done on the deficiencies (other than the steering system), and process payments for the work being done. The department is involved in the dispute resolution process around outstanding claims, expenditure tracking and interactions with the American Bureau Standards (ABS). Mr. Darrow indicated that he did not feel that the Department of Communities, Culture and Heritage had sufficient expertise to undertake a project of this nature and that the Department of Transportation and Infrastructure Renewal (TIR) would have been best suited to take on the project.

The budget for the overall project is the responsibility of CCH. The budget for the work being done on the steering system is the responsibility of TIR. The original budget was \$14.4 million, however, with cost overruns and delays, the cost increased to \$19 million. It is estimated that the cost to resolve the steering issue will be \$300,000 to \$350,000. The federal government had committed funding to the project in the order of \$7 million; however, as a result of delays, the funding provided was in the range of \$4.7 million.

Mr. Darrow established a highly-qualified project team to assist him in resolving the steering system issue. Team members were: Wilson Fitt, lead advisor and project manager; Iain Tulloch, lead designer; Corey Smith, mechanical and industrial engineer; and, Laurie McGowan, marine designer.

It was quickly determined that, 1. The vessel could not be placed back into service with the steering the way it was; 2. There was little consensus among the builder, the designer, the

project manager and the ABS with regard to whether there was a problem with the steering and/or what the solution to that problem might be; and 3. The relationships among the various parties were very strained.

Mr. Darrow indicated that the timing of the decision to have the vessel brought into class by ABS played a role in delaying the delivery of the boat as changes were having to be made to meet the new requirement and extra costs were incurred as a result. He also indicated that Nova Scotians have a much safer vessel as a result of the certification.

Three options were identified to deal with the steering issue, 1. Altering the existing rudder to make it lighter; 2. Designing and installing a new rudder; and 3. Adding mechanical advantage. It was decided that the best option was mechanical advantage by way of installing an hydraulic system, which is a proven technology. The new steering system will be installed and sea trials will be done. The objective is to have the vessel sailing in May, 2015.

The decision by the province to take ownership of the Bluenose II in July, despite the outstanding deficiencies, was made to provide the province with greater control over the asset. The deficiencies, with the exception of the steering, were minor in nature.

#### **TABLED DOCUMENTS**

News Article entitled “Bluenose II restoration cost up to \$19m and counting”

- Tabled by Mr. Tim Houston, MLA

#### **COMMITTEE BUSINESS**

Following the completion of the public meeting, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 3 of the May 2014 Report of the Auditor General with respect to Advertising, Procurement and Performance in preparation for the October 8, 2014, meeting.

#### **DOCUMENTATION**

No documents/information was requested.

#### **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014sep24](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014sep24)

ADVERTISING, PROCUREMENT AND PERFORMANCE - MAY 2014 REPORT OF THE AUDITOR  
GENERAL, CHAPTER 3

October 8, 2014

**WITNESSES**

Communications Nova Scotia

Ms. Tracey Taweel – Associate Deputy Minister

Ms. Angela Campbell – Acting Director, Policy and Corporate Services

Ms. Hilary White – Financial Planning Analyst

**MATTERS OF DISCUSSION**

Officials from Communications Nova Scotia (CNS) were invited to appear before the Public Accounts Committee to discuss Advertising, Procurement and Performance as was reported in Chapter 3 of the May 2014 Report of the Auditor General.

CNS's mission is to help Nova Scotians understand what their government is doing and why. CNS was created approximately 10 years ago to standardize and centralize government communications. Approximately 60 per cent of CNS staff are assigned to departments to assist with their communication needs. Over the past three years, the CNS budget has been reduced by approximately \$1.9 million - with a \$600,000 reduction for this fiscal. As well, FTEs have been reduced by approximately 25 over the same period.

The Auditor General made 10 recommendations, which were all accepted by CNS. Work began immediately to implement the recommendations, and approximately half have been implemented to date. It is expected that all will be fully implemented by next year.

The audit scope spanned 18 months. Approximately 16,000 projects were managed through CNS during this time. The Auditor General examined 32 of those projects and found that 84 per cent of the procurements tested had problems. CNS agrees that project management and procurement should be centralized to improve consistency in monitoring projects and application of procurement procedures.

CNS is consulting with the Public Service Commission and the Department of Finance and Treasury Board with regard to the concern raised by the Auditor General relating to noncompliance with Canada Revenue Agency rules relating to employees versus independent contractors and, if necessary, will seek a legal opinion.

A position has been created to be responsible for communications research and evaluation resulting in a standard approach being implemented in response to the Auditor General's concern in this regard.

Concerns were raised by the Auditor General relating to CNS not obtaining written approvals for news releases, etc. Processes are being put in place to ensure that approvals are in writing across the board.

To better measure the work conducted by CNS, Google Analytics and the Heartbeat tool are being used to track web traffic, conduct web analysis and evaluate social media work. As well, a coordinated corporate social media plan for government has been developed and its policy and guidelines have been updated. It was noted that less traditional advertising is being done. Online campaigns are being used more frequently and are effective and easily measureable. Social media is also much less expensive than traditional media and cost savings are anticipated.

Legislative amendments now require departments to use CNS services, which will result in increased transparency and savings to Nova Scotian taxpayers and create efficiencies. As well, the minister will be required to annually table an advertising report which will show all government advertising.

It was noted by CNS that in 2011 it began its own internal review, which looked at several of the areas the Auditor General's Office reviewed during its audit. Its own review and the audit findings have led to improved processes and efficiencies.

In addition to questions relating to the Auditor General's reports, there were a number of questions relating to the research/polling and focus groups that was done in relation to the amalgamation of the district health authorities. The research was conducted to ensure that the public was aware of the changes and knew how to access services, as well as identify if and where additional communication was required.

As well, members also asked a number of questions relating to the use of opinion polling and polling, in general, and the purpose for which it is used. The information gathered from polling is used in a number of ways, including developing strategic communication plans and marketing campaigns. Research or polling is conducted in advance of a decision or policy being made, as well as afterward as a means of evaluation.

The May 2014 Report of the Auditor General Report is available at: <http://www.oag-ns.ca/publications/2014>

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

## Standing Committee on Public Accounts Annual Report 2015

- Costing for charge-outs on a gross basis.
- Total cost of what has been spent so far on polling and focus groups for the amalgamation of the district health authorities.

### **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014oct08](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014oct08)

TRAINING SESSION

October 15, 2014

*In Camera*

## IN ATTENDANCE

### Department of Finance and Treasury Board

Mr. Geoff Gatien – Acting Controller

Ms. Suzanne Wile – Executive Director, Government Accounting

Mr. Robert Bourgeois – Director, Financial Accounting

## MATTERS OF DISCUSSION

Officials from the Department of Finance and Treasury Board were invited to appear before the Public Accounts Committee to provide a training session on the public account volumes and supplements of the Province.

## COMMITTEE BUSINESS

The committee was presented with the Subcommittee on Agenda and Procedures Record of Decision for approval. The following topics were approved:

- Department of Finance – Amendments to Pension Regulations.
- Department of Energy – Energy Development and Opportunities.
- Nova Scotia Liquor Corporation – Financial Update and Structure.
- Department of Transportation and Infrastructure Renewal – Tenders for Roads and Bridges.
- December dates for the Report of the Auditor General.

Following the completion of the training session, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 6 of the May 2014 Report of the Auditor General with respect to Physician Alternate Funding Arrangements in preparation for the October 22, 2014 meeting.

## DOCUMENTATION

The committee requested and received the following documentation.

- The amount of federal revenue received by the province over and above remittances made by Nova Scotia tax payers (GST, federal income tax, federal fuel tax, etc.)

**TRANSCRIPT**

There is no public transcript as this meeting was held *in camera*.

PYHICIAN ALTERNATE FUNDING ARRANGEMENTS - MAY 2014 REPORT OF THE AUDITOR  
GENERAL, CHAPTER 6

October 22, 2014

**WITNESSES**

Department of Health and Wellness

Dr. Peter Vaughan – Deputy Minister

Ms. Eleanor Hubbard – Chief of Partnerships and Physician Services

Mr. Kevin Elliott – Chief Financial Officer

**MATTERS OF DISCUSSION**

Officials from the Department of Health and Wellness were invited to appear before the Public Accounts Committee to discuss Physician Alternate Funding Arrangements as was reported in Chapter 6 of the May 2014 Report of the Auditor General.

The department has been working on improvements to Alternative Payment Plans (APPs) and Academic Funding Plans (AFP) since 2008 and 2010. The new AFP model was approved in April 2012, and work was also underway to develop an updated APP model. The Auditor General's recommendations provided additional focus on the department's own review and helped to inform its work in this regard. The Auditor General's report contained 13 recommendations. The department agreed with the recommendations and they are being implemented as part of the departments overall program implementation.

According to the report of the Auditor General, the Department of Health and Wellness monitoring of alternative payment and academic funding plans was poor and contracts were not in place in all cases. Forty-five per cent of the provinces approximately 1,941 doctors are paid via APPs or AFPs. Approximately \$251 million per year is paid to physicians under these plans. The department is making progress to address these issues. It now has contracts for all APPs, and the AFP templates have been consolidated.

APP contracts are usually made with individual physicians or groups of physicians in rural areas as an incentive to attract doctors to these areas. The APP fee is the same across the province. Approximately 137 of 224 APP contracts have been signed, to date, using the new model. A group has also been created to focus on oversight and governance relating to APPs, which is made up of Dalhousie University, IWK and Capital Health, Doctors Nova Scotia and department officials.

Fifteen AFP contracts are in place. AFP contracts include the academic groups within the capital area and the IWK. There are over 500 doctors who are all clustered within the 15 AFPs. Monitoring of AFPs is done using a shadow billing tool.

The Auditor General raised a concern regarding accountability and performance management. The department agrees that this is important, not just with respect to managing physicians, but for the health care system in its entirety. The revised APP and AFP programs have improved accessibility, planning, accountability, and transparency; however, the department must still develop detailed processes to guide daily operations, including an adequate monitoring process. It was noted that The New Health Authorities Act contains a framework for accountability.

In addition to the Auditor General's Report, physician recruitment and retention, collaborative care and amalgamation of the health authorities were also discussed during the meeting.

Nova Scotia has one of the highest doctor-to-population ratios in Canada, on a per capita basis. More medical students are graduating across the country who are looking for placements. The issue is more about the distribution of physicians within the province. The APP program is useful in attracting physicians to rural areas. The APP environment provides stable funding and is more structured with deliverables in place and expectations that are required to be met. The majority of new physicians prefer the APP environment. In addition to doctors, primary care provider teams play an important role in delivery health care. Nurse practitioners also play an important role in ensuring that Nova Scotians receive the primary care they need.

The amalgamation of the health authorities is the foundation of the health care system. Standards will be developed to ensure quality and safe care is provided to patients. The system is being streamlined so that health resources can be allocated where they are needed most in a unified system. APPs and AFPs will play an important role in the health care system transition.

It was noted that collaborative care will play an important role in delivering health care in the future. The results of the Collaborative Emergency Centres evaluation will be reviewed and used to make improvements and identify challenges that may need to be addressed.

The May 2014 Report of the Auditor General Report is available at: <http://www.oag-ns.ca/publications/2014>

## **COMMITTEE BUSINESS**

The committee agreed to merge the topic the Department of Finance and Treasury Board – “Amendments to Pension Regulations” with the topic Superintendent of Pensions – “Financial Hardship Unlocking Program”, which was scheduled to come before the committee on October 29, 2014, as the topics are similar.

The Standing Committee on Public Accounts Committee Annual Report for 2014 was approved.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- Statistics on the retention rate of physicians in Nova Scotia.

**TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014oct22](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014oct22)

**FINANCIAL HARDSHIP UNLOCKING PROGRAM**

October 29, 2014

**WITNESS**

Superintendent of Pensions

Ms. Nancy MacNeill Smith – Superintendent of Pensions

**MATTERS OF DISCUSSION**

The Superintendent of Pensions was invited to appear before the Public Accounts Committee to discuss the Financial Hardship Unlocking Program.

The rules relating to the unlocking of pensions are laid out in the Pension Benefits Act and Regulations. The Act applies to employer sponsored pensions plans, ie: private sector employers, municipalities and universities. The Teachers' Pension Plan, the Public Service Superannuation Plan, the judges' plan, the MLAs' plan, and the Sydney Steel pension plan do not fall under the Act. If an employee in Nova Scotia is working for an employer that is subject to federal legislation, such as an airline, they're subject to the federal legislation and not the provincial legislation.

Pension funds have distinctive protections under legislation that do not exist for savings plans or RRSPs. For example, the Department of Community Services cannot require that pension funds be unlocked before being entitled to receive Community Services benefits.

Prior to 1988, all pension funds had to remain in a pension plan until the age of retirement. Because of the loss of income due to inflation, governments across the country introduced transfer rights. If your employment was terminated, you had the right to transfer your pension funds into a locked-in RRSP with the intention of investing those funds for retirement and benefiting from the investment earnings from the point of termination to retirement. Although the money was transferred out of the pension plan, the funds were still protected even against seizure in the event of bankruptcy, and the money could not be seized for payment of debts or be used as collateral.

The only exception for unlocking funds was for people who were dying. In 2007, the legislation was changed to permit unlocking for reasons of financial hardship. The criteria for unlocking for financial hardship relate to mortgage foreclosures, medical expenses and low income. Other departments were consulted to ensure that if unlocking were to be permitted it was not in conflict with other provincial programs and that there was no overlap or duplication. The pension agency works with individuals to seek out assistance via other provincial resources - often with the Department of Community Services - while working on their applications. Only three other jurisdictions beside Nova Scotia have pension unlocking for financial hardship – Ontario, Alberta and the federal government.

Recent legislative changes now allow for unlocking for rental arrears. As well, the annual amount able to be unlocked has been increased to a maximum of \$26,250.00 per criterion and the amount you are able to earn to apply for unlocking based on low income has been increased to \$35,000.00.

In addition to the Superintendent of Pensions, there are two pension officers who review applications. An application is generally reviewed within 10 days. If approved, a letter is issued by the Superintendent of Pensions. The applicant must then present the approval to their financial institution to have them unlock the money. Approved applications are subject to a fee of approximately \$113.00, which is deducted from the pension plan by the financial institution.

There is no appeal process if an application is rejected. Applicants can re-apply should their circumstances change, and there is no limit on the number of times an applicant can apply to unlock funds within a given year providing their income is not in excess of the level for unlocking. Applicants must wait 12 months to make another application after being approved for unlocking based on low income. Applicants are only able to apply once in a lifetime if approved for unlocking for mortgage or rental arrears when foreclosure or eviction is faced. It was noted that many people apply for unlocking because of unemployability. It is common for these people to deplete their pension funds.

The inability for individuals to access funds under the hardship provisions to make urgent repairs to their homes or modifications to accommodate a disability was discussed. Presently, this is not allowed under the legislation. Individuals would need to look at what programs exist that may provide assistance in this regard.

## **TABLED DOCUMENTATION**

Chart showing the breakdown of the number of applications made to the unlocking program from 2007 – 2013

- Tabled by Mr. Tim Houston, MLA

Email from Nancy MacNeill Smith subject: “Prioritizing Financial Hardship Unlocking Applications”

- Tabled by Hon. Maureen MacDonald, MLA

Email from Nancy MacNeill Smith subject: “Financial Hardship Unlocking – Community Services”

- Tabled by Hon. Maureen MacDonald, MLA

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Public Service Commission providing information requested from the September 10, 2014, meeting.

## **DOCUMENTATION**

No documents/information was requested.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014oct29](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014oct29)

**ENERGY DEVELOPMENT AND OPPORTUNITIES**

November 5, 2014

**WITNESSES**

Department of Energy

Mr. Murray Coolican – Deputy Minister

Mr. Chris Spencer – Executive Director, Business Development and Corporate Services

Ms. Nancy Rondeaux – Manager, Electricity and Renewables

**MATTERS OF DISCUSSION**

Officials from the Department of Energy were invited to appear before the Public Accounts Committee to discuss Energy Development and Opportunities in Nova Scotia.

Nova Scotia has strong opportunities for growth across its diverse energy sector. The government is actively working to establish the best conditions to make these opportunities a reality. APEC's 2014 outlook had Nova Scotia leading Atlantic Canada in investment potential. It was noted that the Sable and Deep Panuke petroleum projects are producing up to 500 million cubic feet per day during peak production.

The department is working with the federal government to ensure that regulations are in place for proper monitoring, and the province recently passed legislation to improve the environmental regulations around offshore oil and gas activity.

Geoscience is very important to the industry and the Play Fairway Analysis continues to be an important resource for offshore oil and gas companies. Fifteen million dollars was invested in the Play Fairway Analysis beginning in 2008. This information was released publicly in 2010. The Play Fairway Analysis compiled previous drilling and seismic activity results, and new theories about offshore possibilities were developed from this information. Geoscience research is now conducted in advance of the next call for bids in an area to have new information available to provide to oil and gas companies. Twelve million is being invested in new geoscience data and marketing over the next four years, with a total of \$33 million by 2017.

The investments made by successive governments have helped to attract more than \$2 billion in work commitments by Shell and BP Canada. ConocoPhillips and Suncor have also decided to join Shell in their investment. Shell is on schedule to begin drilling next year and BP is anticipating being able to begin drilling exploratory wells in 2017.

Nova Scotia now has three proposed major LNG projects in the works. The potential investment would be approximately \$15 million should all three projects proceed. These projects are here in Nova Scotia because of its existing pipeline infrastructure, and the provinces connectivity to New England through the Northeast Pipeline and to western Canada

and other pipelines connecting us to the U.S. The welcoming environment offered by Guysborough and Richmond Counties has played a role as well.

There is also onshore exploration happening within the province. East Coast Energy is involved in coal/gas exploration in Stellarton, and has invested more than \$6 million in their drilling program and is obtaining support services from approximately 80 local companies. An onshore atlas, similar to the Play Fairway Analysis, is being compiled that will be a valuable resource for industry and the province.

A number of questions were in relation to high-volume hydraulic fracturing. Companies have been able to use this procedure; however, only three wells, which were located in Kennetcook, have been fracked using this method. Due to the concerns regarding this procedure, the government wants to gather more information and engage the public on the issue. A moratorium had been put in place and now new legislation and regulations are coming into effect to ban high-volume hydraulic fracturing. It was noted that a company's lease is still active for oil and gas exploration and potential development, they are just not able to use the fracking method. The department is not aware of any planned activities that would be impacted as a result of the legislative changes. Having a regulatory process that sets out exactly what is not allowed, as well as under what conditions research can take place, provides greater certainty to the industry and to the public.

An electricity system review with extensive public and stakeholder consultation is underway. It was noted that the province has reduced its dependence on coal and related high carbon fuels from 90 per cent in 2007 to 57 per cent in 2012 and is on track to exceed its renewable energy targets for 2015 and 2020.

A great deal of focus has been placed on developing tidal energy. The province is looking to attract international interest with the right resources, regulatory oversight, financial incentives and infrastructure. The province has invested \$11 million in the sector. Seven million dollars has been spent on the site at FORCE and \$4 million on upgrades and expansion to the electrical grid. The federal government has also contributed approximately \$20 million.

The department supports the Maritime Link, as it believes it is the lowest-cost option considering the environmental requirements, the renewable targets and the addition to transmission capability that the project gives to the province. The project has a positive economic impact as well. It is expected that 300 jobs will be created each year in Nova Scotia and Newfoundland between 2014 and 2017. The benefit of tidal energy is that it is more predictable than wind. However, an innovative project by LightSail Energy is underway looking for new ways to store wind power for later use.

## **COMMITTEE BUSINESS**

Correspondence was received from:

- Communications Nova Scotia providing information requested from the October 8<sup>th</sup> meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- Of the review that was started in April 2011 with regard to hydraulic fracturing, please provide an estimate of how much that review would have cost.
- Companies involved in hydraulic fracturing, in Canada, will not be held liable if they follow regulations, please confirm if this is accurate.
- Please provide an estimate on the number of people currently employed in the energy sector.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014nov05](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014nov05)

**TENDERS FOR ROADS AND BRIDGES**

November 19, 2014

**WITNESSES**

Department of Transportation and Infrastructure Renewal

Mr. Paul LaFleche – Deputy Minister

Mr. Bruce Fitzner – Chief Engineer Highway Programs

Mr. Peter Hackett – Executive Director, Engineering and Construction

Mr. Will Crocker – Bridge Maintenance Engineer

**MATTERS OF DISCUSSION**

Officials from the Department of Transportation and Infrastructure Renewal were invited to appear before the Public Accounts Committee to discuss tenders for roads and bridges.

There are 4,300 bridges and structures for which the province is responsible. More than half of the bridges and structures are over 50 years old. The department considers safety, budget and functionality when making decisions regarding replacement. Public safety is the primary concern for the department, and bridges will be closed if they are not safe. The department works with the community and elected officials when considering whether to repair or replace a bridge. Inspectors use a bridge rating system to prioritize repairs, which takes into account traffic volumes and types of traffic, as well as what the bridge is being used for. It was noted that some structures are used primarily for commercial activities and are important from an economic perspective. It is important to note that not all bridges, etc., serve the same function they once did.

The climate in Nova Scotia creates a unique challenge and impacts heavily on the provinces bridges and roads. New techniques and stronger, longer lasting materials are being used to build new bridges in an effort to deal with the impact of climate. As well, efforts are made to carry out preventive maintenance to extend the life of structures.

Tenders are being sent out earlier, which helps lower costs and is beneficial for the road builders also, as it helps them plan for the upcoming construction season. Their goal is to have 50 per cent of tenders out before the roads close each year. Tenders are also issued so that small contractors are able to bid on projects. Tender prices have been steady in recent years, and increased competition in the industry has assisted in providing the province with good value on its projects. Approximately 150 tenders are let each year.

Bid prices are tracked yearly and placed in a data base. This information is used to create estimates for planning purposes. Factors like how many bidders are available, price of materials and time of tender play a role in the cost of tenders. The department estimates that 93-97 per cent of the 2014-15 approved projects have been tendered and work has been started and/or completed.

The RIM program addresses the gap between capital projects and small jobs that TIR workers do. It helps with maintenance issues such as graveling roads, ditching, bush-cutting, etc. The current RIM budget is \$16 million.

Road construction priority lists are created based on information received from field staff, the public, provincial and municipal elected officials. Road conditions are assessed and traffic data is reviewed and the projects are scored based on the information collected. A project list is then compiled.

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- A list of projects funded whose bids were higher than others.
- Information on projects over 100 and 200 per cent.
- List of projects under a chip-seal tender.
- Clarification on department advertising for road work.
- Additional information on the trends of tenders from 2007 to 2013.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014nov19](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014nov19)

**FINANCIAL UPDATE AND STRUCTURE**

November 26, 2014

**WITNESSES**

Nova Scotia Liquor Corporation

Mr. Bret Mitchell – President and CEO

Mr. David DiPersio – Vice President, Finance and IT

Ms. Heather MacDougall – Director, Policy and Public Affairs

**MATTERS OF DISCUSSION**

Officials from the Nova Scotia Liquor Corporation (NSLC) were invited to appear before the Public Accounts Committee to discuss its structure and provide a financial update.

The mandate of the NSLC is the promotion of social objectives around responsible drinking, the promotion of economic objectives regarding the beverage alcohol industry, the attainment of suitable financial revenue for government, and the attainment of acceptable levels of customer service, all the while operating as a viable commercial enterprise. The NSLC operates 105 retail stores and 60 agency stores and employs approximately 1,450 people. The NSLC offers approximately 7,000 products, of which the vast majority is wine.

The NSLC has increased its income from \$219 million in 2009 to \$230.5 million in the past fiscal year, representing an improvement of \$11.2 million. It was noted that increased consumption is not what has been driving growth, as Nova Scotia is ninth among the 10 provinces in terms of volume per capita consumption and 12 out of 13 if the three territories are included. In fact, consumption has been on the decline since 2009.

Growth has been a result of customers purchasing more premium products which provide greater return for the corporation, using innovative programs and systems to better engage and connect with customers, increasing agency stores to better serve communities, showcasing local products and controlling costs. Although sales have decreased by 2.7 million in the first half of this year, net income is \$2.8 million over plan. The NSLC gross margin has increased from 54.5 to 55 per cent and is the third highest in the country and it is the 2<sup>nd</sup> most profitable, based on volume per capita per litre consumed.

The ready-to-drink category has been increasing and has compensated for beer and spirit sales, which have been declining. Growth in local products is playing an important role; Nova Scotia wine sales are up 5.7 per cent; Nova Scotia cider sales increased 66 per cent; and Nova Scotia craft beer sales increased 28.8 per cent in just the past six months.

The NSLC partners with 19 farm and cottage wineries, 16 microbrewers and five brew pubs, seven distilleries, three commercial wineries and two commercial breweries. These businesses contribute millions to the local economy and employ hundreds of Nova Scotians.

The markup on Nova Scotia wines has been reduced, which has allowed local wineries to market their products on a larger scale that has helped to grow the industry. The top selling NSLC wine is a Nova Scotia wine. There is a similar arrangement with respect to craft beer. The NSLC will be launching a distillery program in the new year, which will provide a certain markup for companies who distill, blend and/or blend with Nova Scotia products and enable them to have their products in NSLC stores.

There are four private wine stores located in HRM that mainly service licensees. They do approximately \$12 million in sales annually. They sell wines that are exclusive to them and that the NSLC doesn't carry. The NSLC does, however, procure all of the product for them.

The licensee community is important to the NSLC's business. The bar and restaurant industry has been struggling for a number of years. In an effort to provide some support, a pilot is being run whereby a 10 per cent discount off the retail price is being provided. The pilot will be evaluated in 2 years to determine its effectiveness.

Agency stores are used to provide service to rural and underserved areas. Nine new agency stores were opened in the past number of months. There are currently no plans to expand the agency network, however, they are always reviewing the network. There is a well-defined program and criteria used when considering the addition of an agency store. Agency stores are one per cent more profitable than a corporate store would be in that location and represent six per cent or \$37 million in sales annually. Agency store staff receive the same training as corporate store employees and these stores are monitored to ensure they are operating to the NSLC standard, including implementing the We ID program to identify minors.

Social responsibility is very important to the NSLC. Campaigns focus on not drinking and driving, planning ahead to get home safe, anti-binge drinking, etc. The NSLC also partners with MADD and delivers programming to 70 junior and senior high schools, at present, with a goal of reaching all schools over time. Approximately \$2 million is spent on marketing, the vast majority of which is done in house.

The Air Miles program was also discussed. It provides the NSLC with a cost effective means to data collection and analysis with respect to customer purchasing. As well, approximately \$150,000 in revenue is generated by this program.

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- The number of agency stores that are independent and how many are part of a chain.  
What is the breakdown in terms of the 60 stores?

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014nov26](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014nov26)

*In Camera*

## **WITNESSES**

### Office of the Auditor General

Mr. Michael Pickup – Auditor General

Mr. Terry Spicer – Assistant Auditor General

Ms. Evangeline Colman-Sadd – Assistant Auditor General

Ms. Janet White – Audit Principal

## **MATTERS OF DISCUSSION**

The purpose of the meeting was to present the December 2014 Report of the Auditor General. The meeting was held *in camera* to brief members of the committee prior to the public meeting on December 10, 2014.

## **TRANSCRIPT**

There is no public transcript as this meeting was held *in camera*.

## WITNESSES

### Office of the Auditor General

Mr. Michael Pickup – Auditor General

Mr. Terry Spicer – Assistant Auditor General

Ms. Evangeline Colman-Sadd – Assistant Auditor General

Ms. Janet White – Audit Principal

## MATTERS OF DISCUSSION

Officials from the Auditor General’s Office were invited to appear before the Public Accounts Committee to discuss the December 2014 Report of the Auditor General. The audits covered in the report related to the Department of Community Services’ Integrated Case Management System; the Department of Education and Early Childhood Development regarding the Tri-County Regional School Board; and the Department of Health and Wellness regarding Surgical Waitlist and Operating Room Utilization. There were 31 recommendations and all have been agreed to by the respective departments.

The Auditor General made nine recommendations relating to its audit of the Department of Health and Wellness – Surgical Waitlist and Operating Room Utilization. While the department does clinical services planning that looks at demand and facilities, etc., it should determine which surgical procedures should be done and in which locations as part of an overall plan. More efficient management of its resources will help produce shorter wait times. Short-term targets need to be established while working toward meeting the national benchmarks for wait times.

Wait times relating to hip and knee replacements are of particular concern. The department estimates that it would cost \$35 million to bring wait times for hip and knee replacement surgeries within the acceptable benchmarks 90 per cent of the time. The prioritization of surgeries by surgeons was also raised an issue. The Auditor General found that 31 per cent of people were having surgery past the target and that 45 per cent were getting their surgery before the target date.

Given the amalgamation of the DHAs on April 1, 2015, the Auditor General indicated that follow-up will be conducted with the department and the Nova Scotia Health Authority with respect to the recommendations contained in this audit directed toward a specific DHA.

The Auditor General made twelve recommendations relating to its audit of the Department of Community Services’ Integrated Case Management System. Auditors were able to gain access to client addresses, financial history, family information, foster care information, etc., which is held within the Integrated Case Management System. It was noted that auditors were not attempting to gain access from outside of the network. The audit pointed to a weakness

whereby something could happen and action should be taken to address the weakness. When the department was made aware of this, they took action immediately to begin to address the concerns raised. It was noted that there was no evidence that there was a breach of information.

The Auditor General made ten recommendations relating to its audit of the Department of Education and Early Childhood Development - Tri-County Regional School Board. School boards are responsible for the delivery of education under the Education Act and bear the responsibility for the performance of students. The role of the Department of Education and Early Childhood Development is to develop the curriculum and support the boards to implement it. The audit revealed that the Tri-County Regional School Board was not focused on its main job, which is student performance, and there was no plan to achieve the goals as laid out in their business plan. Upon receipt of the Auditor General's report, the department appointed Jim Gunn to conduct a review of the Tri-County School Board. The Auditor General hopes that other school boards will look at the recommendations made regarding the Tri-County Regional School Board and use them to make improvements.

The December 2014 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2014>

## **TABLED DOCUMENTATION**

News Article entitled, "N.S. per capita leader in MD numbers"

- Tabled by Mr. Tim Houston, MLA

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Department of Transportation and Infrastructure Renewal providing information requested from the November 19, 2014, meeting.

It was indicated that the committee would like to improve its relationship with the Auditor General's Office and support the implementation of recommendations. A motion was introduced:

That this committee collectively, formally, endorse the recommendations contained in the December 2014 Report of the Auditor General.

- Moved by Iain Rankin, MLA
- Motion carried

The committee was presented with the Subcommittee on Agenda and Procedures Record of Decision for approval. The following topics were approved:

## Standing Committee on Public Accounts Annual Report 2015

- Department of Finance – Brotin Tax Review.
- Department of Health and Wellness – Surgical Waitlist and Operating Room Utilization.
- Service Nova Scotia – Services for Businesses.
- Department of Community Services – Integrated Case Management System.
- Department of Education and Early Childhood Development – Tri-County Regional School Board.
- Internal Services – Governance of Information Technology Operations.
- Office of the Auditor General – January Report Re: Bluenose II Restoration Project.
- Office of the Auditor General – February Report Re: February Financial Report.

### **DOCUMENTATION**

No documents/information was requested.

### **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2014dec10](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2014dec10)

BLUENOSE II RESTORATION PROJECT – JANUARY 2015 REPORT OF THE AUDITOR GENERAL

January 28, 2015

## WITNESSES

### Office of the Auditor General

Mr. Michael Pickup – Auditor General

Mr. Terry Spicer – Assistant Auditor General

Ms. Evangeline Colman-Sadd – Assistant Auditor General

## MATTERS OF DISCUSSION

Officials from the Auditor General’s Office were invited to appear before the Public Accounts Committee to discuss the Bluenose II Restoration Project as was reported in the January 2015 Report of the Auditor General. This meeting was held over a three-hour period. The first hour of the meeting was held *in camera* to brief the members of the committee prior to the public meeting. A two-hour public session was held following the *in camera* briefing.

The focus of the audit was on the department’s management of the Bluenose II Restoration Project and not on the design and construction of the vessel itself. The report is not an assessment of the companies involved with the construction of the ship or their processes, it is focused on government’s management of the project.

The Auditor General found that fundamental project management principles were not applied, which resulted in significant financial consequences for the province. For example, no risk assessment was done; a thorough budgeting and cost analysis was not done; key contract terms were missing from the project manager and designer contracts, such as deadlines to complete/penalties for failure to meet deadlines; and there was insufficient departmental oversight. As the province manages many large infrastructure projects, it needs to improve its performance in this regard.

The responsibility for the project was with the Department of Communities, Culture and Heritage. The Auditor General indicated that this department lacked the proper experience and expertise for handling a project of this magnitude.

The requirement for the vessel to meet modern requirements (in-class) as set out by Transport Canada was known early in the process and the department acknowledged that this would increase the cost by approximately 6 per cent and would add five to six months to the build; however, the build contract was signed without taking into account these requirements and the associated costs, etc.

The restoration cost was initially estimated at \$14.5 million, but was not based on detailed specifications. The project was approved to receive federal infrastructure stimulus funding of

\$7.2 million in 2009. The project had to be completed by October 2011 in order to access the funding. The project was not completed within the time frame, therefore, only received \$4.9 million in funding. It was also indicated that in attempting to obtain the federal funding, proper planning may not have been done to obtain the true costs of the project.

To date, the project has cost over \$19.5 million, with the possibility that another \$4.5 million may be required to be paid as a result of disputed invoices relating to change orders.

The Auditor General made two recommendations, which were addressed to the Department of Finance and Treasury Board. Both recommendations have been accepted.

The January 2015 Bluenose II Restoration Project Report of the Auditor General is available at:  
<http://www.oag-ns.ca/publications/2015>

### **COMMITTEE BUSINESS**

There was no committee business.

### **DOCUMENTATION**

No documents/information was requested.

### **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015jan28](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015jan28)

TRI-COUNTY REGIONAL SCHOOL BOARD – DECEMBER 2014 REPORT OF THE AUDITOR GENERAL,  
CHAPTER 3

February 11, 2015

## WITNESSES

### Department of Education and Early Childhood Development

Ms. Sandra MacKenzie - Deputy Minister

Ms. Diana Eisenhauer - Chief Operating Officer

### Tri-County Regional School Board

Ms. Lisa Doucet – Superintendent

## MATTERS OF DISCUSSION

Officials from the Tri-County Regional School Board and the Department of Education were invited to appear before the Public Accounts Committee to discuss the Tri-County Regional School Board as was reported in Chapter 3 of the December 2014 Report of the Auditor General. An *in camera* meeting was held with officials from the Auditor General's Office to brief the members in advance of the public meeting.

The Tri-County Regional School Board is responsible for 28 schools within the counties of Digby, Yarmouth and Shelburne. The Department of Education oversees the elected school board, while the elected school board oversees the board management.

The audit period covered activities from April 1, 2012 to March 31, 2014. The Office of the Auditor General concluded that the board was not fulfilling its oversight role; that management was not effectively monitoring the school improvement process and that management was not adequately monitoring student performance in many subject areas. The Auditor General issued 10 recommendations, all of which were accepted by the Tri-County Regional School Board.

The Department of Education and Early Childhood Development was very concerned about the Auditor General's findings and has been providing support and guidance to the Tri-County Regional School Board to address the issues outlined. The Minister immediately appointed Dr. Jim Gunn to work with the board to assist them in addressing the recommendations.

Prior to the Auditor General's Report, an education review had been initiated by the minister which indicated that changes were required to the delivery of education in Nova Scotia. This review resulted in the development of a new action plan for education – *The 3 Rs: Renew, Refocus, Rebuild, Nova Scotia's Action Plan for Education*, which will also be of assistance to the Tri-County Regional School Board in implementing the Auditor General's recommendations.

As a result of the concerns raised with respect to the Tri-County Regional School Board, the department also requested that the Auditor General conduct a review of other school boards to look at how the elected boards are functioning; the effectiveness of the management structure of the boards; the operations of key functions; and the effectiveness of implementation of provincial initiatives by school boards. While the audit plan is being worked on, the department will continue to implement the education action plan, with the immediate focus on actions to improve reading, writing and numeracy outcomes for students.

As part of the education action plan, research is planned to understand the achievement gap as it relates to populations and geographic regions, with the goal of improving student outcomes. Also, a cross-departmental initiative is planned to look at what can be done to assist children in the early years to achieve success when they enter school, and additional funding has been made available to remove the wait-list for early intervention.

It was noted that the Tri-County Regional School Board has the highest percentage of students on Individual Program Plans (IPPs). The minister has requested that the board conduct a review of those students to determine if the placement is appropriate and whether those students are achieving their stated outcomes. As part of the education action plan, a comprehensive assessment of the IPP process will be carried out as well.

The December 2014 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2014>

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Canadian Comprehensive Auditing Foundation (CCAF) offering to provide training to the PAC.
  - The committee agreed that it would be interested in organizing a training session with the CCAF.
- Mr. Tim Houston, MLA, requesting that Kirby McVicar, the Premier's Chief of Staff, appear before the committee regarding ministerial travel. Discussion ensued with respect to the appropriateness of the issue to come before the Public Accounts Committee, as well as who the appropriate witness to call would be. Following the discussion a motion was put forward:

That the Standing Committee on Public Accounts bring the Premier's Chief of Staff, Kirby McVicar, before the committee as its earliest convenience, to discuss the process involved in ministerial travel, both approval and oversight.

- Moved by Mr. Tim Houston, MLA

An amendment was put forward:

To add and/or the Deputy Minister of the Executive Council.

- Moved by Hon. Maureen MacDonald, MLA
- Amendment defeated
- Motion defeated

Following the completion of the public meeting, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 4 of the December 2014 Report of the Auditor General with respect to Surgical Wait-lists and Operating Room Utilization in preparation for the February 18, 2015 meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation from the Department of Education and Early Childhood Development:

- The annual operating budget for the board over a five-year period.
- The student enrolment numbers dating back to 2004.
- Information around the number of students over a five-year time frame who are on IPPs.
- A detailed breakdown of the operating expenses in the education budget, specifically where the \$65 million was “cut” over the last four years.

The committee requested and received the following documentation from the Tri-County Regional School Board:

- The average amount of time students spend travelling on the school bus.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015feb11](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015feb11)

SURGICAL WAITLIST AND OPERATING ROOM UTILIZATION – DECEMBER 2014 REPORT OF THE AUDITOR GENERAL, CHAPTER 4

February 18, 2015

**WITNESSES**

Department of Health and Wellness

Dr. Peter Vaughan - Deputy Minister

Ms. MJ MacDonald - Executive Director, Health System Quality

Ms. Sandra Christie - Executive Director, Acute and Tertiary Care

Ms. Karen McDuff - Director of Financial Services

**MATTERS OF DISCUSSION**

Officials from the Department of Health and Wellness were invited to appear before the Public Accounts Committee to discuss Surgical Waitlists and Operating Room Utilization as was reported in Chapter 4 of the December 2014 Report of the Auditor General. Nine recommendations were issued by the Auditor General, all of which have been accepted by the department.

The department noted that inconsistencies among the District Health Authorities (DHAs) have contributed to wait times for certain procedures. Shorter wait times can be achieved using the current resources by changing existing processes and procedures. Implementing a health services plan for the province will help to ensure appropriate care for all patients.

The amalgamation of the DHAs to a single health authority, plus the IWK, is a very important step to address the inconsistencies the Auditor General identified. This initiative will provide system-wide planning, ensure consistency in operational policies governing operating rooms and develop more efficient and effective use of existing surgical capacity across the province. Under the new Health Authorities Act, the Nova Scotia Health Authority and the IWK must prepare and submit quality improvement plans. This will help to create an integrated system approach and improve the department's ability to provide oversight.

In 2014, 96 per cent of surgeries were completed within a year of the need being identified, however, there continues to be work to be done in areas such as orthopaedics. The department has created a wait time registry to improve wait times associated with elective surgeries, as well as provided additional funding (\$2 million in 2013-14; \$4 million in 2014-15; \$2 million in 2015-16) to address the backlog in certain surgeries, such as hip and knee replacements and paediatric spinal surgeries, which the AG noted as positive.

A bed utilization management program has been implemented by the department over the past number of years that provides system-wide information, which allows for better management and allocation of resources based on real-time patient needs.

An orthopaedic coordinator has been hired and is working to develop a referral system whereby Nova Scotians will be able to see first available surgeries and what surgeons are available sooner than others and make choices based on this information.

The Canadian Institute for Health Information reports that Nova Scotia has the highest per capita number of physicians in the country, and that we spend the most on health care but that we have the worst outcomes.

The December 2014 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2014>

## **TABLED DOCUMENTATION**

Letter from a number of orthopaedic surgeons from the Pictou area

- Tabled by Hon. Chris d'Entremont, MLA

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- Statistics, district by district, on blockages with regard to long term care patient bed placement.
- Information to support nursing overtime and other professional overtime due to late surgery starts.
- Statistics on a regional breakdown of which area would need more long term care beds.
- The number of retirements with regard to nurses in the last six months compared to one year ago.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015feb18](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015feb18)

FEBRUARY 2015 REPORT OF THE AUDITOR GENERAL

February 25, 2015

**WITNESSES**

Office of the Auditor General

Mr. Michael Pickup, Auditor General

Ms. Ann McDonald, Assistant Auditor General

**MATTERS OF DISCUSSION**

Officials from the Auditor General's Office were invited to appear before the Public Accounts Committee to discuss the February 2015 Report of the Auditor General. This meeting was held over a three-hour period. The first hour of the meeting was held *in camera* to brief the members of the committee prior to the public meeting. A two-hour public session was held following the *in camera* briefing.

The Auditor General reviewed the financial health of the province. Ten financial indicators were looked at and the Auditor General's conclusion based on the review of the indicators was that the province was in poor financial shape. To illustrate the concern, the Auditor General pointed to the increase in net debt per capita. In 2010, the net debt per capita was \$13,847 and, at present it is \$15,659 per Nova Scotian. In 2010, net debt as a percentage of revenue was 141 per cent; today it's 147 per cent. It was also noted that there is \$1.47 in debt for every dollar in revenue the province brings in.

The Auditor General reviewed Unfunded Employee Retirement Benefits and Compensated Absences. This represents a \$1.8 billion unfunded liability to the province and carries significant risks to the future finances of Nova Scotia. Accumulated sick leave makes up \$202 million of the liability, with \$200 million attributed to the health and education sectors. Retiring health benefits account for the most significant portion of the liability, representing \$1.1 billion. These are the health care premiums for retirees in the health, education and the core Public Service sectors. It was noted that government is responsible for 100 per cent of the premiums for the education sector and 65 per cent for the core Public Service and health sectors. Government is paying \$20,846 for the health benefits for each retired teacher in the province and \$10,726 for every retired public sector employee. This amount has increased approximately 40 per cent over the past five years. Retiring allowances are fully funded by the province and account for \$373 million of the \$1.8 billion, which has increased over the past five years from \$312 million to \$373 million. This raises concerns around the sustainability of these funds.

Accountability reporting of the province's agencies, boards and commissions was included in this audit. Annual business plans were reviewed to look for outcomes and performance measures and whether the stated goals had been achieved by the respective agencies. Accountability reporting is not a legislated requirement for all agencies and this was raised as a concern. It was noted that although the Department of Health and Wellness does have

legislation in this regard, it did not request annual business plans from the health authorities or the IWK. The Auditor General has been advised that the department will be taking a more active role in this regard.

It was felt that Treasury Board provided good guidance to the various agencies, boards and commissions with respect to the requirements for accountability reporting; however, that the reporting on behalf of the entities needed improvement.

As a result of new legislation, the government must now account for the liability associated with the cleanup of contaminated sites within the province. A liability in the amount of approximately \$17 million was recorded for the year ending March, 2014. The Auditor General indicated that the environmental liabilities recorded will be assessed to determine if they are appropriately recorded as part of the audit of the March 31, 2015 financial statements.

With the amalgamation of the nine district health authorities, the Auditor General will now be responsible to audit the financial statements of the new health authority. The recommendations that were made to the former district health authorities will continue to be followed up with the new health authority.

The February 2015 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2015>

## **COMMITTEE BUSINESS**

There was no committee business.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- Has the ratio, the net debt, as a percentage of provincial GDP ever gone into 40 per cent or 50 percentile range throughout our history?
- Information with regard to whether or not a teacher who has retired and who comes back on a regular basis to substitute, for example, if their benefits continue to be paid.

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015feb25](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015feb25)

**GOVERNANCE OF INFORMATION TECHNOLOGY OPERATIONS**

March 25, 2015

**WITNESSES**

Department of Internal Services – Information, Communications and Technology Services Branch

Ms. Sandra Cascadden – Chief Information Officer

Ms. Carolyn McKenzie – Acting Executive Director, Infrastructure Service Management

Mr. Glenn Bishop - Executive Director, Corporate Information Strategies

**MATTERS OF DISCUSSION**

Officials from the Department of Internal Services (DIS) were invited to appear before the Public Accounts Committee to discuss the Governance of Information Technology Operations. Information technology (IT) management has undergone significant change over the past several years. The Chief Information Office (CIO) was created in 2009 to plan, organize and direct the efficient use of information, communications and technology, and to manage government information IT assets. In 2014, the CIO became the Information, Communications and Technology Services Division (ICTS) of the DIS responsible to provide effective and efficient service delivery to government and other public sector organizations. To better coordinate IT infrastructure activities, ICTS now has responsibility for the Nova Scotia SAP service management group and the Information Access and Privacy Group. As of April 1, 2015, the provincial health authorities, school board IT, and some Crown corporations will have services delivered by ICTS. The modernization and streamlining of IT operations and information management will improve service delivery and capacity. Consolidation of services will result in \$3 million in cost-avoidance over three years and up to \$5 million over 5 years with the purchase of province wide software for the health sector.

Across government, ICTS manages approximately 11,400 computers and 3,700 mobile and wireless devices; hosts over 1,000 services and 600 business applications and provides daily IT support to government employees. On average, 390 contacts are managed daily. They employ approximately 238 IT professionals and have a current budget of \$36 million. Their budget will increase to approximately \$95 million, and an additional 237 staff will be added as of April 1, 2015, with the addition of other government IT departments.

Security of data and infrastructure is a priority and processes are in place to manage these risks. Systems are monitored daily. It was noted that on rare occasions when there is a breach, it relates to issues like e-mail malware and not a breach of an information system containing personal information. Also, departments have business continuity and disaster plans to ensure the continuing operation of government. A secondary data centre will be located within the province and a chief security officer will be put in place to drive policy and increase monitoring on the security side.

They are working with Service Nova Scotia on an identity management project, Signet, to provide a secure identity to citizens that will allow them to request multiple services from multiple departments across government with a single identity. A project is underway with the Department of Health and Wellness, the Nova Scotia Health Authority and the IWK to implement a One Person-One Record system to provide the health care sector with a single system for the sharing of information. As well, a system is being put in place to make FOIPOP requests electronically.

In response to a recommendation of the Auditor General, every government device is required to be password protected. All devices purchased since April, 2014, have encryption software, and 60 per cent of existing devices have had encryption software installed. It is anticipated that the remaining devices will have the software installed within the next three years.

Security weaknesses in the Integrated Case Management System used by the Department of Community Services were also reported by the Auditor General. ICTS has begun to address the weaknesses noted and many have been remedied.

## **COMMITTEE BUSINESS**

The committee was presented with the Subcommittee on Agenda and Procedures Record of Decision for approval. The following topics were approved:

- Department of Natural Resources re: Mineral Resources Management.
- Department of Education and Early Childhood Development re: iNSchool Student Information System.
- Nova Scotia Provincial Health Authority re: Staffing the Capital District Health Authority.
- Department of Health and Wellness re: Long Term Care and Continuing Care Policies.

Correspondence was received from:

- The Department of Finance and Treasury Board providing information requested from the October 15, 2014, training session.
- The Department of Health and Wellness providing information requested from the February 18, 2015, meeting.

Following the completion of the public meeting, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 2 of the December 2014 Report of the Auditor General with respect to the Integrated Case Management System in preparation for the April 1, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- What is the budget for the Chief Security Officer team?

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015mar25](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015mar25)

INTEGRATED CASE MANAGEMENT SYSTEM - DECEMBER 2014 REPORT OF  
THE AUDITOR GENERAL, CHAPTER 2

April 1, 2015

**WITNESSES**

Department of Community Services

Ms. Lynn Hartwell – Deputy Minister

Ms. Vanessa Chouinard – Executive Director, Policy & Information Management

Ms. Dale MacLennan – Executive Director, Finance & Administration

Department of Internal Services

Ms. Sandra Cascadden – Chief Information Officer

**MATTERS OF DISCUSSION**

Officials from the Department of Community Services (DCS) were invited to appear before the Public Accounts Committee to discuss the Integrated Case Management System as was reported in Chapter 2 of the December 2014 Report of the Auditor General.

The Integrated Case Management System (ICM) is the most important tool used by the DCS to deliver its social services programs and is used by 1,450 users across the province; however, it is not the case management system used by all programs. The system was specifically designed for use by the department. It contains information on approximately 40,000 individuals.

The Auditor General report highlighted some risks and vulnerabilities with respect to the IT controls relating to information in the ICM. It was noted that only specific authorized individuals working within the government system were able to access certain information and that staff from the Auditor General's Office were granted this access to conduct the audit.

The department accepted all of the recommendations and took action immediately to begin to address the concerns. Two recommendations have been completed. They are working with the Department of Internal Services on the remaining recommendations and are progressing well, and it is expected that all recommendations will be completed by the summer.

The Auditor General noted a lack of security awareness training for employees. The department has both a privacy protocol and a privacy officer who works with staff and managers around the province to provide awareness of their privacy obligations. Training is carried out on an ongoing basis when any changes are made to the IT system. Responsibility for the protection of personal information is taken very seriously. The department is continually modernizing and strengthening their system to safeguard the privacy of its clients.

The department is undergoing significant change and IT will play an important role in this transformation. They are looking at how they deliver services to best meet the needs of their clients.

The December 2014 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2014>

## **COMMITTEE BUSINESS**

A point of order was raised by Mr. Joachim Stroink, MLA, indicating that the line of questioning of a member was not on the topic before the committee but was about the department's budget. The Chair allowed the question indicating that as the question was related to past expenditures of government it falls within the mandate of the committee. The Chair further indicated that he would look into the issue of questions being related to the topic before the committee and report back to the committee on the matter.

Correspondence was received from:

- The Department of Education and Early Childhood Development providing information requested from the February 11, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- A list of the reductions carried out by your department to meet the 1 per cent target from the Department of Finance and Treasury Board.
- How much has the IA caseload increased?
- How many privacy breaches did the department have in the past year?
- How much did it cost the department to pursue the Joellan Huntley case?
- Is there public money in the Joellan Huntley settlement agreement?
- How many of the 1,400 users are moving around annually? How many are changing positions? How many are changing departments within DCS?

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015apr01](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015apr01)

## WITNESSES

### Service Nova Scotia

Ms. Joanne Munro – Chief Executive Officer

Mr. Scott Farmer – Associate Deputy Minister

Ms. Natasha Clarke – Director, Service Integration

Mr. Gary Robitaille – Acting Executive Director, Strategy and Corporate Services

Ms. Noreen Zakhia – Policy Coordinator, Nova Scotia Business Registry

## MATTERS OF DISCUSSION

Officials from Service Nova Scotia were invited to appear before the Public Accounts Committee to discuss the services for businesses provided by Service Nova Scotia. The office of Service Nova Scotia (SNS) was created in April, 2014, with a mandate to deliver higher levels of service to Nova Scotians and be a leader in regulatory excellence.

Studies show that two thirds of Nova Scotians conduct online transactions. SNS processes over 5 million customer transactions annually. Over the past year, SNS has been working to modernize operations and focus on client services. Access to Business and Access for Citizens are projects that are focused on improving access to information and services for businesses and individuals in Nova Scotia through a single authenticated online service. The goal is to create a single point of access for government services online.

Access to Business online services launched late in 2012 and over 38,000 clients are using the service. These services tie into the province's strategy to grow the economy and the Red Tape Reduction initiative.

As part of the Access for Citizens initiative, electronic birth bundle kiosks were introduced in 2013 to allow new parents to electronically register the birth of their child. This project has been very successful, with 90 per cent of births being registered electronically.

They have worked on a project targeted toward small and medium-sized businesses in the restaurant and accommodation sector to reduce red tape, and have put together an advisory group of entrepreneurs and industry associations. They have created an easy way for entrepreneurs to access government programs and services and have bundled services to assist entrepreneurs find the information they need to start a business in this particular sector. Additional industry sector bundles will be rolled out over time. Approximately \$12.1 million has been invested in capital thus far.

As part of the modernization of operations, a Petroleum Price and Volume Tracking System to monitor gasoline sales will be put in place in the province. Improved information will be

gathered which will better enable evidence-based decision making relating to gas regulation. The cost of the program is \$1.2 million and is funded by industry.

Many of the services provided are fee based. The top fee generators are the Registry of Motor Vehicles, Registry of Joint Stock Companies and Registry of Deeds. The fees charged are to cover the cost of delivering the services. It was noted, however, that the fees generated by the Registry of Motor Vehicles not only cover the cost of providing the service but the excess revenue goes to fund road construction in the province.

They are in the early stages of looking at alternate delivery of services with respect to the land, motor vehicle and joint stock registries and are having discussions with other jurisdictions to gain information. Large investments will be required to modernize the systems, and looking at how other provinces provide these services may be beneficial both technologically and financially.

## **COMMITTEE BUSINESS**

The Chair informed the committee that he had conferred with Legislative Counsel concerning the issue of the relevancy of questioning which was raised at the last meeting. The committee was advised that while there is a general requirement for questions to be related to the topic, there are no specific rules governing the nature of questions which may be asked by members and that past practice has been that freedom is provided to all members to ask questions.

Correspondence was received from:

- The Office of the Auditor General providing information requested from the February 25, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- A list of fees that were exempted by the Department of Finance and Treasury Board from a fee increase.
- Information regarding whether Service Nova Scotia delayed permit renewals and why that would be the case.
- Would a fee be “grandfathered” if Service Nova Scotia was not able to accept payment when the fee was due?
- Detail on the industry requirement to fund the Petroleum Price and Volume Tracking System.
- A list of key stakeholders relating to red tape reduction.
- Information regarding other provinces that have increased user fees this fiscal year.

**TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015apr08](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015apr08)

## **WITNESSES**

### Department of Finance and Treasury Board

Mr. Byron Rafuse – Associate Deputy Minister

Ms. Lilani Kumaranayake – Executive Director, Fiscal Policy, Economics & Budgetary Planning Division

Mr. Ben McBeth – Policy Analyst, Fiscal Policy, Economics & Budgetary Planning Division

## **MATTERS OF DISCUSSION**

Officials from the Department of Finance and Treasury Board were invited to appear before the Public Accounts Committee to discuss the Broten Tax and Regulatory Review. The Nova Scotia Commission on Building the New Economy recommended that a comprehensive review of the province's tax policies and measures be conducted. As a result, Ms. Laurel Broten was engaged to conduct such a review, which began in February, 2014, with a view to evaluate the provinces tax system and develop a plan to support business within the province.

Extensive consultations where held with economists, academics and business groups within the province, as well as nationally and internationally. The best practices of other jurisdictions within Canada and beyond were researched. The report was presented to the Minister of Finance and Treasury Board in November, 2014, and contained 22 tax recommendations, 16 regulatory recommendations and 4 user fee recommendations.

Tax credits are implemented for a number of reasons such as, to redistribute tax revenue, to provide a socio-societal benefit, to incentivize certain behaviours, to change spending patterns or to provide an economic benefit. The incremental spend in the economy that the tax measure supports and the incremental revenue to the province is compared to determine the effectiveness of the measure.

The report contained 4 recommendations relating to user fees and supported full cost recovery by government. User fees were increased based on cost of living adjustments for the last two years to better capture the full cost associated with providing the program or service. The minister has indicated a review of user fees will be carried out.

Regulatory reform was also recommended in the report. In response to the recommendations in this area, the Office of Regulatory Reform has been created under the Department of Business. The main focus of the regulatory reform is to reduce the burden on business.

In addition to the report, a program review was also carried out in the province. The program review looked at tax credits and all government spending. The 2015 budget brought forward a number of changes. One such change related to the Film Industry Tax Credit. The Broten

Review contained a recommendation relating to the Film Industry Tax Credit. This credit was also noted for changes during the provincial program review. An analysis was carried out of the financial return the province received from the film tax credit. Changes were put forward after review of the analysis. A number of questions from committee members related to the changes to the Film Industry Tax Credit and the impact of those changes.

## **COMMITTEE BUSINESS**

Following the completion of the public meeting, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 7 of the May 2014 Report of the Auditor General with respect to Minister Resource Management in preparation for the April 22, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- The analysis that was submitted to Ms. Broten with respect to these tax credits (Film Industry Tax Credit).
- The analysis used to determine the actual incremental revenue for the province associated with the Film Industry Tax Credit.
- How much incremental tax revenue would be generated if RBC were to achieve the \$22 million in rebate?
- The following information relating to the Film Tax Credit:
  - a. Total production dollars spent in Nova Scotia.
  - b. Total eligible salaries.
  - c. Total financing.
  - d. Total value of tax credit expenditure.
  - e. Average percentage of labour claimed.
  - f. Total number of projects.
- Of those 55 companies that received the tax credit last year, how many of them were able to take advantage of the rural incentive, and as well, how may were able to take advantage of the frequency incentive?
- The analysis that was used to cut the Healthy Living Tax Credit program.
- A list of the regulations that were recommended to be reviewed.

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015apr15](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015apr15)

MINERAL RESOURCE MANAGEMENT - MAY 2014 REPORT OF THE AUDITOR  
GENERAL, CHAPTER 7

April 22, 2015

**WITNESS**

Department of Natural Resources

Mr. Frank Dunn – Deputy Minister

Dr. Donald James – Executive Director, Geoscience and Mines Branch

**MATTERS OF DISCUSSION**

Officials from the Department of Natural Resources (DNR) were invited to appear before the Public Accounts Committee to discuss Mineral Resource Management as was reported in Chapter 7 of the May 2014 Report of the Auditor General.

The Auditor General made 20 recommendations as a result of the audit. The department has accepted all of the recommendations and work is well underway to implement these recommendations. The new Mineral Resources Act will address a number of the Auditor General recommendations relating to reclamation bonding and royalty collection. The Geoscience and Mines Branch is now using a computerized system known as the Nova Scotia Registry of Claims (NovaROC), which will assist in addressing recommendations regarding reporting, follow-up and revenue collection. The Geoscience and Mines Branch has had a \$300,000 reduction in its budget; however, it was indicated that this will not impact its ability to implement the Auditor General recommendations.

Mining has played an important role in Nova Scotia for many years and, currently there are 11 active mines in the province. Based on information compiled from 2012, the mining industry in the province creates direct and indirect employment for approximately 5,400 Nova Scotians, with an estimated payroll of \$88 million, and directly contributes approximately \$234 million to the provincial GDP and \$425 million indirectly. Mining plays a particularly important role in the rural economy. The One Nova Scotia Report highlighted the importance of mining and resource industries to Nova Scotia's economic growth.

The mining industry is one of the most closely regulated industries in Nova Scotia and across the country. The process to obtain a mining licence is quite lengthy. DNR has a One Window mining application process which assists with navigation of the system and has streamlined the process. An exploration licence is valid for one year, with an option to renew. One licence may have up to 80 claims. There is an annual fee of \$200 per claim and an assessment report must be filed with the DNR registry of minerals. If a significant mineral deposit is found, the licence holder may apply for a mineral lease which enables the licence holder to mine the deposit but not operate the mine. An environmental assessment and industrial approval must be received from DNR, as well as regulatory approvals from the Department of Labour and Advanced

Education before the mine may be operated. Federal environmental assessment approval may be required in some cases. A reclamation plan is required as part of the industrial approval process and DNR holds a reclamation bond in the amount estimated to reclaim the site. Companies self-report their production and pay royalties as set out in the Mineral Resources Act regulations. DNR staff visits mining sites to ensure the mine is operating properly. The mining industry in Nova Scotia is mostly focused on aggregate, coal, salt and gypsum.

It was noted that the Mining Association of Nova Scotia (MANS) has concerns relating to the fuel tax rebate, the Capital Investment Tax Credit, the Mineral Resources Act, and claim-staking fees, which it feels limits its growth in the province. DNR recognizes the important role that MANS plays in the mining industry and is working with them to address these concerns where possible.

The May 2014 Report of the Auditor General Report is available at: <http://www.oag-ns.ca/publications/2014>

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Department of Internal Services providing information requested from the March 25, 2015, meeting.
- The Tri-County Regional School Board providing Information requested from the February 11, 2015, meeting.

Following the completion of the public meeting, the committee went into an *in camera* briefing with the Auditor General and staff with regard to Chapter 4 of the May 2014 Report of the Auditor General with respect to the iNSchool Student Information System in preparation for the April 29, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- A spreadsheet comparing staking fees, royalties and taxes of jurisdictions across the country.
- A detailed breakdown of the current vacancies in the department.

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015apr22](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015apr22)

IN SCHOOL STUDENT INFORMATION SYSTEM - MAY 2014 REPORT OF THE  
AUDITOR GENERAL, CHAPTER 4

April 29, 2015

**WITNESS**

Department of Education and Early Childhood Development

Ms. Sandra McKenzie – Deputy Minister

Ms. Diana Eisenhauer – Chief Operating Officer

Mr. John Fahie – Director of ITS

Ms. Monica Williams – Executive Director, Centre for Learning Excellence

**MATTERS OF DISCUSSION**

Officials from the Department of Education and Early Childhood Development were invited to appear before the Public Accounts Committee to discuss the iNSchool Student Information System as was reported in Chapter 4 of the May 2014 Report of the Auditor General.

The Nova Scotia Student Information System, known as iNSchool, was officially launched in the fall of 2009; however, the department and school boards began developing the functional and technical aspects of the program in 2005/2006. A commercially available system was selected and a tender was issued for the system following provincial procurement policy. PowerSchool and TIENET, the first two applications rolled out under iNSchool, were fully implemented in June, 2013 and were implemented on time and within budget.

The implementation of iNSchool has introduced common data standards and processes for the provinces 400-plus schools. The system provides the data to make evidence-based decisions, to help strengthen and identify at-risk students and provide timely intervention for students who require help from parents, teachers and others. Students and parents can review assignments and marks online. The parents and student portal has millions of visits annually. Teachers are easily able to access student information and tailor learning strategies accordingly.

The Auditor General highlighted concerns relating to improving security over student information, better configuration of security settings to prevent unauthorized access, security weaknesses at the operating system, database and application levels, as well as improvements to manage and protect the physical environment supporting the systems that host iNSchool. It was also noted that system access requests were not documented, the privacy impact assessment for iNSchool was not finalized and there was no IT disaster recovery plan in place.

The Auditor General made nine recommendations. The department accepted all of the recommendations. Steps were taken immediately to begin to address the recommendations. Strong password protocols have been implemented and accounts are locked after 10 unsuccessful login attempts. Also, a review will be conducted twice annually to ensure that any accounts that should be disabled are disabled in a timely fashion.

The May 2014 Report of the Auditor General Report is available at: <http://www.oag-ns.ca/publications/2014>

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Department of Community Services providing information requested from the April 1, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- What is the average per student interaction?
- How many of the 118,000 students would have medical information or health information in the system?
- How do students who attend private schools perform academically compared to students in public schools?
- Which HRM high schools have more applicants than they are allowed to put in the O2 program?

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015apr29](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015apr29)

## **WITNESS**

### Nova Scotia Health Authority

Ms. Janet Knox – President and CEO

Ms. Carmelle d'Entremont – Vice President People

Ms. Vickie Sullivan – Executive Director, Central Zone Operations

Ms. Mary Ellen Gurhnam – Executive Director, Learning, Chief Nursing Office for Central Zone

## **MATTER OF DISCUSSION**

Officials from the Nova Scotia Health Authority were invited to appear before the Public Accounts Committee to discuss staffing relating to the Central Zone.

The Nova Scotia Health Authority was formed on April 1, 2015, to replace the province's nine district health authorities. With over 23,000 staff, it is the largest employer in the province. Staffing costs also make up the largest portion of its budget. There are 6,800 staff in the Central Zone, which includes 2,700 Registered Nurses (RNs) and 630 Licensed Practical Nurses (LPNs). There are approximately 1,600 staff making up all other professions in the Central Zone.

A great deal of emphasis is being placed on optimizing the roles of all health professionals. In the Central Zone, as well as provincially, a lot of focus has been placed on ensuring that RNs, LPNs, and the whole inter-professional team are being utilized to their full scope of practice. A great deal of work has been done to increase the role of LPNs, and they are being moved to different units to fully utilize their skills to address patient needs.

Approximately 50 nurse practitioners are employed in the Central Zone. Changes are being made to the regulations to allow nurse practitioners to discharge patients. The Dartmouth General Hospital will be the first site to begin this practice commencing in mid-June/July. As well, policy is being implemented in the Central Zone to enable pharmacists to prescribe as part of their role within an Interprofessional Collaborative Practice team.

The health system is evolving in the province and the role health care professionals play in the system is changing. The province is looking to expand the role of nurses to assess, treat and release from emergency centres and CECs. This will be piloted at the Yarmouth hospital. Also, the use of paramedics within the emergency room is being reviewed and has been put in place at the Hants Community Hospital emergency department.

RNs account for the largest portion of the health care workforce. With the average age of nurses in the Central Zone being between 58-60, many will be retiring in the near future. This

poses a challenge as more experienced nurses are required to staff ICU, emergency rooms and operating rooms.

Although the nursing population is aging, 20 per cent of the workforce has less than 5 years of experience. The province has been working hard to retain its new nursing graduates. In fact, one year after graduation approximately 90 per cent are still registered and working in the province. Recruitment and retention is very important and the province is committed to offering a competitive, productive and engaging workplace. Providing permanent employment plays an important role as well. Recruitment is not only focused within the province but also within the Atlantic region. There are more nurses in the province now than there were 10 years ago.

An issue arose in the Central Zone whereby, despite aggressive recruitment, vacancies in intensive care areas were not able to be filled. As a result, a procurement process was undertaken and 15 nurses were contracted for a period of six months to address this staffing issue. These positions require specific skills which would not typically be filled by new grads. In an effort to address this issue, 29 people are completing the critical care course, 12 of which are new grads. The course finishes in May. There are occasions when overtime and third-party staffing agencies are used to address staffing needs in order to ensure safe levels of care.

A number of questions related to the amalgamation of the district health authorities. The amalgamation provides the ability to plan provincially and deliver health care services in communities to address local needs. A bed utilization management system has been put in place which allows for a provincial view. This has improved discharged planning and access to services in a more timely fashion. A \$5.5 million administrative saving was realized with the amalgamation of the nine health authorities.

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Office of Service Nova Scotia providing information requested from the April 8, 2015, meeting.
- The Department of Natural Resources providing information requested from the April 22, 2015, meeting.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- The number of new senior director positions that have been introduced and the paybands associated with those positions.
- A comparison of wage packages for nurses across the country.

- How many immigrants go through the Registered Nurse Professional Development Centre program and the Introduction to the Canadian Health Care System program per year?

## **TRANSCRIPT**

The transcript for this meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015may06](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015may06)

**LONG TERM CARE AND CONTINUING CARE POLICIES**

May 13, 2015

**WITNESSES**

Department of Health and Wellness

Dr. Peter Vaughan - Deputy Minister

Mr. Kevin Elliott - Chief Financial Officer

Ms. Carolyn Maxwell - Director, Liaison and Support

Mr. Perry Sankarsingh - Director, Monitoring and Evaluation

**MATTERS OF DISCUSSION**

Officials from the Department of Health and Wellness were invited to appear before the committee to discuss long term care and continuing care policies. Continuing care services include home care, community-based care and long term care. Home support and nursing services, support for caregivers, home oxygen services, adult protection services, the bed loan program and long term care are examples of continuing care services.

The Nova Scotia Health Authority administers the continuing care program, and services are delivered by home care agencies and long term care facilities. \$808 million is spent annually on continuing care services, which accounts for 20 per cent of the overall health care budget. Over the past 10 years, the Continuing Care Budget has increased seven per cent. Despite the investments made to continuing care, seniors must still wait to access services. The province is looking to expand home care services to enable more seniors to receive services in their homes and reduce the reliance on long term care. As of May 6, 2015, 2,126 people were waiting for placement in a long term care bed; of those, 186 were in hospital and 1,940 were in the community.

In 2006, a 10-year Continuing Care Strategy was put in place. To date 1,018 new long term care beds have been added and 898 beds have been replaced. Seventy-nine new beds will be added in 2015-16. The total bed count for the province is 7,824, which is not sustainable into the future. In addition to having the highest number of long term care beds per capita, our province also has the oldest population in Canada.

The province is moving to a needs-based placement system to ensure that those with the highest need have more timely access to services. Additional funding was invested in the Caregiver Benefit Program to support 385 more families in caring for family members. As well, a new Continuing Care Strategy is planned for release in 2017. As part of the strategy review, short, medium and long term options will be looked at. Work is also underway to develop a dementia strategy which will be an important part of the Continuing Care Strategy. A draft strategy is expected by the end of June and stakeholder consultations will take place thereafter.

Home care services vary across the province and need to be standardized with the goal of improving the quality of care. With this in mind, the province is looking at how it procures home care services and has engaged a consultant to review the possibility of an RFP for home care services. The Auditor General has also noted in several reports that there needs to be improved accountability for the purchasing of home care services.

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Department of Finance and Treasury Board providing information requested from the April 15<sup>th</sup> meeting.
- The Department of Community Services providing information requested from the April 1<sup>st</sup> meeting.

The committee agreed to postpone the scheduling of a workshop, which was to be provided by the CCAF, that had been tentatively scheduled for June 10.

There was discussion around the upcoming meeting schedule of the committee and a motion was put forward:

That the committee continue to do its work until the end of June and that a subcommittee meeting be convened and caucuses given opportunities to bring forward topics that could be scheduled for the available Wednesdays between now and the end of June.

- Moved by Hon. Maureen MacDonald, MLA
- Motion defeated

## **DOCUMENTATION**

The committee requested and received the following documentation:

- A breakdown of the long term care waitlist by region.
- A trend line comparing the waitlist over the past 10 years.
- How many people were removed from the waitlists when they were assessed and it was deemed that their needs could be met with home care?

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015may13](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015may13)

JUNE 2015 REPORT OF THE AUDITOR GENERAL

June 24, 2015

**WITNESSES**

Office of the Auditor General

Mr. Michael Pickup – Auditor General

Mr. Terry Spicer – Deputy Auditor General

Ms. Evangeline Colman-Sadd – Assistant Auditor General

**MATTERS OF DISCUSSION**

Officials from the Auditor General's Office were invited to appear before the Public Accounts Committee to discuss the June 2015 Report of the Auditor General. This meeting was held over a three-hour period. The first hour of the meeting was held *in camera* to brief the members of the committee prior to the public meeting. A two-hour public session was held following the *in camera* briefing. The report focused on the results of the three performance audits and a review of the implementation of the recommendations contained in the 2011 and 2012 reports of the Auditor General.

Chapter 2 of the report related to Follow-up of 2011 and 2012 Performance Audit Recommendations. The overall implementation rate of recommendations was 57 per cent; however, there were 6 entities who had an implementation rate of more than 70 per cent. During questioning it was noted that three years after the audit, Annapolis Valley Health have only implemented 2 of the 7 recommendations relating to ensuring the accuracy of the data that is being entered into the provincial addiction information system, and that only 44 per cent of the recommendations made in 2011 relating to the Office of the Fire Marshal have been implemented. Responsibility for the Office of the Fire Marshal has been moved to the Department of Municipal Affairs, which the Auditor General noted may have played a role in the lack of implementation of the recommendations.

The overall implementation rate did increase slightly from 50 per cent last year to 57 per cent this year. It was noted that a number of the departments that had poor implementation rates have been undergoing significant transition or restructuring, which may have been a factor in their performance. The Auditor General believes that an implementation rate of 90 per cent is reasonable to expect.

A committee member suggested that additional categories should be included to the Auditor General reports to better reflect the implementation status of recommendations and that recommendations should be given a priority. The Auditor General indicated that the auditor-auditee relationship needs to be respected and that it may not be appropriate for their office to set the priorities for implementation of recommendations by departments. Further discussion may occur with respect to the addition of categories relating to the implementation status of recommendations once the Auditor General executive committee had reviewed the matter.

The Auditor General also stressed the important role the committee plays in holding the government accountable to implement the recommendations that it has agreed to.

Chapter 3 of the report related to Fisheries and Aquaculture: Aquaculture Monitoring. The Auditor General noted that there was an impact on processing times as a result of the relocation of the Aquaculture division to Shelburne, and the department was not able to provide a clear implementation plan to address the issue. The Auditor General highlighted that the relocation itself was not in question. In response to the report, the department has indicated that a new regulatory framework is being worked on and will be in place in 18 months. The Auditor General noted that at the request of the Minister, he, the Deputy Auditor General and the Minister met to discuss the follow up of recommendations made by the Auditor General.

The audit raised concerns regarding the length of time it was taking to process renewals and whether the renewal of applications was done in a consistent manner. The department acknowledges that this is an issue and will work to address it. The report highlighted that, at present, aquaculture operators are not required to report diseases that would impact fish health to the province; however, they are required to report diseases which would impact food health to the federal government, as this falls within federal responsibility.

Chapter 4 of the report related to Government-wide: Procurement and Management of Professional Services Contracts. It was noted that the audit was focused specifically on contracts for professional services and not other types of service contracts, such as laundry services, snow removal, etc. The province procures \$255 million of professional services annually.

Chapter 5 of the report related to Responsible Gambling and the Prevention and Treatment of Problem Gambling. Discussions were mainly focused around the cancellation of the My-Play system and that no replacement responsible gaming system or program was put in place. The Auditor General noted that the decision not to replace the system was not an option reviewed by the external panel, which raised a concern for them.

The June 2015 Report of the Auditor General Report is available at: <http://www.oagns.ca/publications/2015>

## **COMMITTEE BUSINESS**

Correspondence was received from:

- The Department of Education and Early Childhood Education providing information requested from the April 29, 2015, meeting.
- The Nova Scotia Health Authority providing information requested from the May 7, 2015, meeting.

- The Department of Health and Wellness providing information requested from the May 13, 2015, meeting.

There was agreement by the committee to go past 12:00 noon to complete committee business.

The committee was presented with the Subcommittee on Agenda and Procedures Record of Decision for approval. In addition to the items contained on the Record of Decision, it was suggested that Chapters 4, 5 and 6 from the February 2015 Auditor General Report also be considered as topics. After much discussion a motion was introduced:

To add Chapter 5 – Results of Audits and Reviews and Chapter 6 – Review of Audit Opinions and Management Letters, both from the February 2015 Report of the Auditor General to the Record of Decision from this morning to be considered as a topic to be approved for a future meeting.

- Moved by Mr. Joachim Stroink, MLA
- Motion carried

A motion was then put forward:

To approve all the topics that are on the Record of Decision with the addition of Chapters 5 and 6 from the February Auditor General's Report.

- Moved by Mr. Tim Houston, MLA
- Motion defeated

The committee continued with agenda setting. The Chair put forward each topic from the Record of Decision individually, with the results as follows:

The Department of Fisheries and Aquaculture regarding aquaculture monitoring from the June 2015 Auditor Report.

- Approved

The Department of Health and Wellness regarding responsible gambling and the prevention and treatment of problem gambling from the June 2015 Auditor General Report.

- Approved

The Department of Transportation and Infrastructure Renewal regarding the Yarmouth Ferry.

- Not approved

The Nova Scotia Tourism Agency.

- Not approved

The Department of internal Services on government procurement.

- Approved

The Department of Seniors regarding the 50-plus Expo.

- Not approved

The Nova Scotia Health Authority regarding budget update and business plan.

- Not approved

The Department of Health and Wellness regarding funding reductions in this year's budget.

- Not approved

Nova Scotia Business Inc. regarding transition of the Film Tax Credit from Film and Creative Industries to NSBI.

- Not approved

The Department of Finance and Treasury Board regarding Chapter 2 – Information on Unfunded Employee Retirement Benefits and Compensated Absences; Chapter 3 – Indicators of Financial Position and Chapter 7 – Finance Follow-up from the February 2015 Report of the Auditor General.

- Approved

Chapter 5 – Results of Audits and Reviews and Chapter 6 – Review of Audit Opinions and Management Letters from the February 2015 Auditor General Report.

- Approved

Discussion was then held with respect to the topic relating to Follow-up of the 2011 and 2012 Performance Audit Recommendation from the Record of Decision, with a view to identifying appropriate departments as witnesses. It was agreed to remove this topic from the Record of Decision and that the Chair and Vice Chairman meet with the Auditor General to have further discussion on the matter.

On the recommendation of the Auditor General, it was agreed to add the Nova Scotia Provincial Lotteries and Casino Corporation as a witness along with the Department of Health and Wellness regarding responsible gambling and the prevention and treatment of problem gambling from the June 2015 Auditor General Report.

## **DOCUMENTATION**

The committee requested and received the following documentation:

- What are the reasons behind the gap between unsupervised bail and pretrial detention for youth facing criminal charges?

## **TRANSCRIPT**

The transcript for the meeting can be found at:

[http://nslegislature.ca/index.php/committees/committee\\_hansard/C7/pa2015jun24](http://nslegislature.ca/index.php/committees/committee_hansard/C7/pa2015jun24)

**SUBCOMMITTEE  
ON  
AGENDA AND  
PROCEDURES**

**MEETINGS**

**AGENDA SETTING**

October 8, 2014

***In Camera***

**IN ATTENDANCE**

Mr. Allan MacMaster, MLA – Chairman  
Mr. Iain Rankin, MLA – Vice Chairman  
Hon. David Wilson, MLA  
Mr. Tim Houston, MLA  
Mr. Michael Pickup – Auditor General  
Ms. Evangeline Colman-Sadd- Assistant Auditor General  
Mr. Gordon Hebb – Chief Legislative Counsel

**COMMITTEE BUSINESS**

The subcommittee agreed to propose the following items to the full committee for approval:

- Department of Finance – Amendments to Pension Regulations.
- Department of Energy – Energy development and opportunities.
- Nova Scotia Liquor Corporation – Financial update and structure.
- Department of Transportation and Infrastructure Renewal – Tenders for roads and bridges.
- Office of the Auditor General – December 2014 Report.

It was also agreed to send the annual report to the full committee for approval.

**TRANSCRIPT**

There is no public transcript of this meeting as it was held ***in camera***.

***In Camera***

**IN ATTENDANCE**

Mr. Allan MacMaster, MLA – Chairman  
Mr. Iain Rankin, MLA – Vice Chairman  
Hon. David Wilson, MLA  
Mr. Tim Houston, MLA  
Mr. Michael Pickup – Auditor General  
Mr. Terry Spicer – Assistant Auditor General  
Ms. Evangeline Colman-Sadd – Assistant Auditor General  
Ms. Janet White – Audit Principal  
Mr. Gordon Hebb – Chief Legislative Counsel

**COMMITTEE BUSINESS**

The subcommittee agreed to propose the following items to the full committee for approval:

- Department of Finance – Broten Tax Review.
- Department of Health and Wellness – Surgical Waitlist and Operating Room Utilization.
- Service Nova Scotia – Services for Businesses.
- Department of Community Services – Integrated Case Management System.
- Department of Education and Early Childhood Development – Tri-County Regional School Board.
- Internal Services – Governance of Information Technology Operations.
- Office of the Auditor General – January Report Re: Bluenose II Restoration Project.
- Office of the Auditor General – February Report Re: February Financial Report.

**TRANSCRIPT**

There is no public transcript of this meeting as it was held ***in camera***.

*In Camera*

**IN ATTENDANCE**

Mr. Iain Rankin, MLA – Vice Chairman  
Hon. David Wilson, MLA  
Mr. Tim Houston, MLA  
Mr. Michael Pickup – Auditor General  
Mr. Gordon Hebb – Chief Legislative Counsel

**COMMITTEE BUSINESS**

The subcommittee agreed to propose the following items to the full committee for approval:

- Department of Education and Early Childhood Development re: iNSchool Information System.
- Department of Natural Resources re: Mineral Resources Management.
- Department of Health and Wellness re: Long Term Care and Continuing Care Policies.
- Department of Health and Wellness re: Staffing the Capital District Health Authority (CDHA) – Witness – Janet Knox, CEO and Head of the Human Resources for the Capital District Health Authority.

**TRANSCRIPT**

There is no public transcript of this meeting as it was held *in camera*.

**AGENDA SETTING**

June 24, 2015

*In Camera*

**IN ATTENDANCE**

Mr. Allan MacMaster, MLA – Chairman  
Mr. Iain Rankin, MLA – Vice Chairman  
Hon. David Wilson, MLA  
Mr. Tim Houston, MLA  
Mr. Michael Pickup – Auditor General  
Mr. Terry Spicer – Deputy Auditor General  
Ms. Evangeline Colman-Sadd – Assistant Auditor General  
Mr. Gordon Hebb – Chief Legislative Counsel  
Ms. Nicole Arsenault – Legislative Counsel

**COMMITTEE BUSINESS**

The subcommittee agreed to propose the following items to the full committee for approval:

- Department of Fisheries and Aquaculture Re: Aquaculture Monitoring.
- Office of the Auditor General Re: Follow-up of the 2011 and 2012 Performance Audit Recommendations.
- Department of Health & Wellness Re: Responsible Gambling and the Prevention and Treatment of Problem Gambling.
- Department of Transportation and Infrastructure Renewal Re: The Yarmouth Ferry.
- Nova Scotia Tourism Agency Re: The New Agency.
- Department of Internal Services Re: Government Procurement.
- Department of Seniors Re: 50+ Expo.
- Nova Scotia Health Authority Re: Budget Update and Business Plan.
- Department of Health Re: Funding Reductions in the Year's Budget.
- Nova Scotia Business Inc. Re: Transition of FTC from Film and Creative to NSBI.
- Department of Finance Re: Chapters 2, 3 and 7 of the Auditor General's 2015 Financial Report.

**TRANSCRIPT**

There is no public transcript as this meeting was held *in camera*.

# **STATEMENT OF SUBMISSION**

STATEMENT OF  
SUBMISSION

All of which is respectfully submitted to  
the  
House of Assembly this <sup>5<sup>th</sup> day of April, 2017</sup>



Mr. Allan MacMaster, MLA - Chair  
Inverness



Mr. Iain Rankin, MLA – Vice Chair  
Timberlea-Prospect



Mr. Joachim Stroink, MLA  
Halifax Chebucto



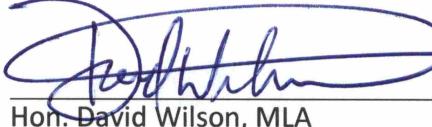
Mr. Chuck Porter, MLA  
Hants West



Mr. Tim Houston, MLA  
Pictou East



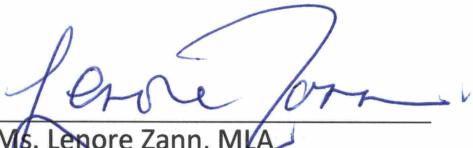
Ms. Suzanne Lohnes-Croft, MLA  
Lunenburg



Hon. David Wilson, MLA  
Sackville-Cobequid



Mr. Brendan Maguire, MLA  
Halifax Atlantic



Ms. Lenore Zann, MLA  
Truro-Bible Hill-  
Millbrook-Salmon River

# APPENDICES

## APPENDIX A – TABLED DOCUMENTATION

The following is a list of documents tabled before the Standing Committee on Public Accounts:

### **September 24, 2014**

Bluenose II Restoration Project

News Article entitled “Bluenose II restoration cost up to \$19m and counting”

- Tabled by Mr. Tim Houston, MLA

### **October 29, 2014**

Financial Hardship Unlocking Program

Chart showing the breakdown of the number of applications made to the unlocking program from 2007 – 2013

- Tabled by Mr. Tim Houston, MLA

Email from Nancy MacNeill Smith subject: “Prioritizing Financial Hardship Unlocking Applications”

- Tabled by Hon. Maureen MacDonald

Email from Nancy MacNeill Smith subject: “Financial Hardship Unlocking – Community Services”

- Tabled by Hon. Maureen MacDonald, MLA

### **December 10, 2014**

December 2014 Report of the Auditor General

News Article entitled, “N.S. per capita leader in MD numbers”

- Tabled by Mr. Tim Houston, MLA

### **February 18, 2015**

Surgical Waitlist and Operating Room Utilization

Letter from a number of orthopaedic surgeons from the Pictou area

- Tabled by the Hon. Chris d'Entremont, MLA

## APPENDIX B - MOTIONS

The following is a list of motions made before the Standing Committee on Public Accounts:

### **December 10, 2014**

It was indicated that the committee would like to improve its relationship with the Auditor General's Office and support the implementation of recommendations. A motion was introduced:

That this committee collectively, formally, endorse the recommendations contained in the December 2014 Report of the Auditor General.

- Moved by Iain Rankin, MLA
- Motion carried

### **February 11, 2015**

Correspondence was received from Mr. Tim Houston, MLA, requesting that Kirby McVicar, the Premier's Chief of Staff, appear before the committee regarding ministerial travel. Discussion ensued with respect to the appropriateness of the issue to come before the Public Accounts Committee as well as who the appropriate witness to call would be. Following the discussion, a motion was put forward:

That the Standing Committee on Public Accounts bring the Premier's Chief of Staff, Kirby McVicar, before the committee as its earliest convenience, to discuss the process involved in ministerial travel, both approval and oversight.

- Moved by Mr. Tim Houston, MLA

An amendment was put forward:

To add and/or the Deputy Minister of the Executive Council.

- Moved by Hon. Maureen MacDonald, MLA
- Amendment defeated
- Motion defeated

### **May 13, 2015**

There was discussion around the upcoming meeting schedule of the committee and a motion was put forward:

That the committee continue to do its work until the end of June and that a subcommittee meeting be convened and caucuses given opportunities to bring forward topics that could be scheduled for the available Wednesdays between now and the end of June.

- Moved by Hon. Maureen MacDonald, MLA
- Motion is defeated

**June 24, 2015**

The committee was presented with the Subcommittee on Agenda and Procedures Record of Decision for approval. In addition to the items contained on the Record of Decision, it was suggested that Chapters 4, 5 and 6 from the February 2015 Auditor General Report also be considered as topics. After much discussion a motion was introduced:

To add Chapter 5 – Results of Audits and Reviews and Chapter 6 – Review of Audit Opinions and Management Letters, both from the February 2015 Report of the Auditor General to the Record of Decision from this morning to be considered as a topic to be approved for a future meeting.

- Moved by Mr. Joachim Stroink, MLA
- Motion is carried

A motion was then put forward:

To approve all the topics that are on the Record of Decision with the addition of Chapters 5 and 6 from the February Auditor General's Report.

- Moved by Mr. Tim Houston, MLA
- Motion is defeated

## APPENDIX C - DOCUMENTATION

The following is a list of documents/information requested by the Standing Committee on Public Accounts:

### **September 10, 2014**

Public Service Commission

The committee requested and received the following documentation:

- An overview of the staffing levels of the Public Service Commission, ie: the number of employees who are covered and a breakdown between full-time, part-time, casual – whatever data you have.
- Contracting business vs overtime, please provide analysis, as well, overtime specific to plowing.
- Time in lieu that has been banked and approaching end of the fiscal year, can it straddle a year or is it always paid out at end of the year?
- Are the top five departments that generate overtime the most likely top five that have absenteeism, as well? Please provide numbers.
- Cost of programs per year that try to combat absenteeism or address it. Please provide information when available.
- Cost to taxpayers re: overtime meal allowance.
- Number of under 40-year-olds who are working in the Public Service Commission today. Please provide demographics.
- Number of Public Service Employees who are about to retire in the next 5 years. Please provide demographics regarding retirement.
- Cost analysis of how the hour-for-hour program saves government money as opposed to paying overtime.

### **October 8, 2014**

Communications Nova Scotia

The committee requested and received the following documentation:

- Costing for charge-outs on a gross basis.
- Total cost of what has been spent so far on polling and focus groups for the amalgamation of the district health authorities.

### **October 15, 2014**

Department of Finance and Treasury Board

The committee requested and received the following documentation:

- The amount of federal revenue received by the province over and above remittances made by Nova Scotia tax payers (GST, federal income tax, federal fuel tax, etc.)

**October 22, 2014**

Department of Health and Wellness

The committee requested and received the following documentation:

- Statistics on the retention rate of physicians in Nova Scotia.

**November 5, 2014**

Department of Energy

The committee requested and received the following documentation:

- Of the review that was started in April 2011 with regard to hydraulic fracturing, please provide an estimate of how much that review would have cost.
- Companies involved in hydraulic fracturing, in Canada, will not be held liable if they follow regulations, please confirm if this is accurate.
- Please provide an estimate on the number of people currently employed in the energy sector.

**November 19, 2014**

Department of Transportation and Public Works

The committee requested and received the following documentation:

- A list of projects funded whose bids were higher than others.
- Information on projects over 100 and 200 per cent.
- List of projects under a chip-seal tender.
- Clarification on department advertising for road work.
- Additional information on the trends of tenders from 2007 to 2013.

**November 26, 2014**

Nova Scotia Liquor Corporation

The committee requested and received the following documentation:

- The number of agency stores that are independent and how many are part of a chain. What is the breakdown in terms of the 60 stores?

**February 11, 2015**

Department of Education and Early Childhood Development and Tri-County Regional School Board

The committee requested and received the following documentation from the Department of Education and Early Childhood Development:

- The annual operating budget for the board over a five-year period.
- The student enrolment numbers dating back to 2004.
- Information around the number of students over a five-year time frame who are on IPPs.
- A detailed breakdown of the operating expenses in the education budget, specifically where the \$65 million was “cut” over the last four years.

The committee requested and received the following documentation from the Tri-County Regional School Board:

- The average amount of time students spend travelling on the school bus.

**February 18, 2015**

Department of Health and Wellness

The committee requested and received the following documentation:

- Statistics, district by district, on blockages with regard to long term care patient bed placement.
- Information to support nursing overtime and other professional overtime due to late surgery starts.
- Statistics on a regional breakdown of which area would need more long term care beds.
- The number of retirements with regard to nurses in the last six months compared to one year ago.

**February 25, 2015**

Office of the Auditor General

The committee requested and received the following documentation:

- Has the ratio, the net debt, as a percentage of provincial GDP ever gone into 40 per cent or 50 percentile range throughout our history?
- Information with regard to whether or not a teacher who has retired and who comes back on a regular basis to substitute, for example, if their benefits continue to be paid.

**March 25, 2015**

Department of Internal Services

The committee requested and received the following documentation:

- What is the budget for the Chief Security Officer team?

**April 1, 2015**

Department of Community Services

The committee requested and received the following documentation:

- A list of the reductions carried out by your department to meet the 1 per cent target from the Department of Finance and Treasury Board.
- How much has the IA caseload increased?
- How many privacy breaches did the department have in the past year?
- How much did it cost the department to pursue the Joellan Huntley case?
- Is there public money in the Joellan Huntley settlement agreement?
- How many of the 1,400 users are moving around annually? How many are changing positions? How many are changing departments within DCS?

**April 8, 2015**

Office of Service Nova Scotia

The committee requested and received the following documentation:

- A list of fees that were exempted by the Department of Finance and Treasury Board from a fee increase.
- Information regarding whether Service Nova Scotia delayed permit renewals and why that would be the case.
- Would a fee be “grandfathered” if Service Nova Scotia was not able to accept payment when the fee was due?
- Detail on the industry requirement to fund the Petroleum Price and Volume Tracking System.
- A list of key stakeholders relating to red tape reduction.
- Information regarding other provinces that have increased user fees this fiscal year.

**April 15, 2015**

Department of Finance and Treasury Board

The committee requested and received the following documentation:

- The analysis that was submitted to Ms. Broten with respect to these tax credits (Film Industry Tax Credit).
- The analysis used to determine the actual incremental revenue for the province associated with the Film Industry Tax Credit.
- How much incremental tax revenue would be generated if RBC were to achieve the \$22 million in rebate?
- The following information relating to the Film Tax Credit:
  - a. Total production dollars spent in Nova Scotia.
  - b. Total eligible salaries.
  - c. Total financing.
  - d. Total value of tax credit expenditure.
  - e. Average percentage of labour claimed.
  - f. Total number of projects.
- Of those 55 companies that received the tax credit last year, how many of them were able to take advantage of the rural incentive, and as well, how many were able to take advantage of the frequency incentive?
- The analysis that was used to cut the Healthy Living Tax Credit program.
- A list of the regulations that were recommended to be reviewed.

**April 22, 2015**

Department of Natural Resources

The committee requested and received the following documentation:

- A spreadsheet comparing staking fees, royalties and taxes of jurisdictions across the country.
- A detailed breakdown of the current vacancies in the department.

**April 29, 2015**

Department of Education and Early Childhood Development

The committee requested and received the following documentation:

- What is the average per student interaction?
- How many of the 118,000 students would have medical information or health information in the system?
- How do students who attend private schools perform academically compared to students in public schools?
- Which HRM high schools have more applicants than they are allowed to put in the O2 program?

**May 6, 2015**

The committee requested and received the following documentation:

- The number of new senior director positions that have been introduced and the paybands associated with those positions.
- A comparison of wage packages for nurses across the country.
- How many immigrants go through the Registered Nurse Professional Development Centre program and the Introduction to the Canadian Health Care System program per year?

**May 13, 2015**

Department of Health and Wellness

The committee requested and received the following documentation:

- A breakdown of the long term care waitlist by region.
- A trend line comparing the waitlist over the past 10 years.
- How many people were removed from the wait-lists when they were assessed and it was deemed that their needs could be met with home care?

**June 24, 2015**

Office of the Auditor General

The committee requested and received the following documentation:

- What are the reasons behind the gap between unsupervised bail and pretrial detention for youth facing criminal charges?

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