

# **HANSARD**

## **NOVA SCOTIA HOUSE OF ASSEMBLY**

### **SPECIAL COMMITTEE TO REVIEW THE ESTIMATES OF THE AUDITOR GENERAL AND THE CHIEF ELECTORAL OFFICER**

**Wednesday, January 22, 2020**

**Committee Room**

**Printed and Published by Nova Scotia Hansard Reporting Services**

**SPECIAL COMMITTEE TO REVIEW  
THE ESTIMATES OF THE AUDITOR GENERAL  
AND THE CHIEF ELECTORAL OFFICER**

Hon. Kevin Murphy (Chair)

Hon. Geoff MacLellan

Hon. Gordon Wilson

Suzanne Lohnes-Croft

Rafah DiCostanzo

Allan MacMaster

Karla MacFarlane

Claudia Chender

Neil Ferguson, Chief Clerk of the House of Assembly  
(Non-Voting Member)

**In Attendance:**

Speaker's Office Adviser

Deborah Lusby  
Director of Administration  
Office of the Speaker

Annette Boucher  
Assistant Clerk  
House of Assembly

Gordon Hebb  
Chief Legislative Counsel

Keith Bain  
Chair, Public Account Committee



House of Assembly  
Nova Scotia

**HALIFAX, WEDNESDAY, JANUARY 22, 2020**

**SPECIAL COMMITTEE TO REVIEW  
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**11:00 A.M.**

**CHAIR**

Hon. Kevin Murphy

THE CHAIR: Good morning, everybody. Order, please. We will call the Special Committee of the House of Assembly Management Commission to order.

Just before we get into the formalities, I want to note for everybody that Mr. Bain, the Chair of the Public Accounts Committee, is in attendance, as he is entitled to be under Section 16 of the Auditor General Act and Section 19 of the Elections Act. We will quickly go around the table, beginning to my left. State your name and position for the record before we get into it.

[The committee members introduced themselves]

THE CHAIR: Thank you very much for coming, everybody. The agenda and materials have been distributed in advance from both Elections Nova Scotia and the Auditor General's Office. As Chair of the Special Committee, I did receive a request from both the Auditor General's Office and the Office of Elections Nova Scotia to have a few minutes to present to the committee in advance of the meeting.

Is it agreed?

It is agreed.

We will invite them in, and I guess in order of the agenda here, we will ask the Auditor General to address the committee for a few minutes. I guess five minutes is what we agreed on.

I would like to welcome our guests from both the Auditor General's Office and the Office of Elections Nova Scotia. For purposes of bringing our guests up to date, we did get agreement from the committee to have a few minutes for each office to make a presentation - we'll say five minutes - and an opportunity for questions if there are any subsequent to that.

Without further ado, I turn it over to Auditor General Michael Pickup.

MICHAEL PICKUP: I will keep it to strictly five minutes. I just made a few notes. Thank you for the opportunity to make this five-minute opening statement and for your consideration of our budget. Thanks also to Deputy Auditor General Terry Spicer, who is with me here today, and other people in my office.

Thank you for the opportunity to be here. To my right is Deputy Auditor General Terry Spicer. I want to thank him for putting much of this together, and other people in my office for their work in getting us here today, and also folks within the administration of Legislative Services for their facilitation of today as well.

I'm going to make three very quick opening comments. The first would be that we provided you with two documents previously. We did these in very summarized fashion, similar to what we might do on a performance audit report or a financial audit report. We did a one-pager that summarizes our 2020 budget in comparison to the 2021 requested budget, with a brief explanation of the reason for the increase of the \$575,000. We have worked hard to streamline this. We also have done a one-pager outlining what we think are unique aspects of our office, its independence, and the nature of our office. That would be the other one-page document that you have. It has five categories of things on it that are important as well.

[11:15 a.m.]

On the back, we did five questions that we thought the committee might have for us. We also provided answers so we sort of embodied, if you will, the spirit of what we do on performance audits when we say here are five questions Nova Scotians should ask - which we don't provide the answers to, obviously - but in this case we also provided the answers because we thought they might be relevant. That's point number one that I wanted to make.

Point number two I wanted to make was that I want to remind members that we have a long history of strong fiscal management and underspending. During my five years as Auditor General we have returned, on average, 8 per cent of our budget each year. We have a financial statement audit each year that is reported directly and independently to the Speaker.

How do we do an 8 per cent budget return each year? It has really been mainly through underspent salary costs. When we've had staff departures during the year, they took time to replace. In addition, there have been various amounts of staff on leaves that at times result in less salary costs as these folks are not replaced during their period of leave.

What's new? In 2020, fortunately, we had a lot less departures and a lot less leaves, and that's great news, but it reduces our ability to pay for things that come up during the year through underspent salaries because that is not available to us. So now we really have to plan as if turnover and leave will be more like it has been in 2020 and less like it has been in the years before that.

My final point would be that for 2021, we have a request of a \$575,000 increase to our budget which is summarized on that one-pager. I just want to remind committee members here today of two points: one is to apprise committee members that this includes increased work on follow-up of previous Auditor General recommendations. This was requested by the Public Accounts Committee in 2019.

The Public Accounts Committee unanimously passed a motion - not at our request - that we should get additional funding to do additional work. That is built into this budget. The rest allows us to appropriately cover increases to salary, rent, and training costs which includes the addition of an in-house communication person and wage increases just like other government employees get, such as economic increases. This is all detailed in the one-pager you have in front of you.

I think that keeps to within the five minutes, and now we'll be happy to answer questions.

THE CHAIR: Karla MacFarlane.

KARLA MACFARLANE: Thank you so much for your presentation, and I have read everything.

I'm just curious with regard to the increase in rent. I'm wondering if you can be more specific of what the actual increase is. When you indicate that you're going to be making renovations, how did that process go through? Did you get three bids, and what is the process in that?

MICHAEL PICKUP: There are a couple of questions in there, and I think I'll try to hit on every one of them. Deputy Auditor General Terry Spicer can add to it, or as I always say to him, correct if there's a need to correct.

We have done none of this work so far because this is our request for 2020-21. Frankly, without a budget increase we cannot renovate the office space and have the increased office space that we need. That includes, for example, a one-time leasehold improvement of \$25,000. Essentially, where we are jammed into the space we are, there's a little bit of space left on that floor. We will be expanding into there so that we can fit all of our staff in and have some space for training within there, as well, but none of that has been done pending what happens here.

In terms of processes it's interesting because I detailed in here, as the independent auditor, we have to look at how we use government services so that we are not using the services and auditing that organization as well. We try to embody the best practices, which we do. For example, if we were going out to acquire something, we would follow the government procurement.

In fact, for our leasing space, we made the decision - and this is where it becomes difficult as Auditor General - to use Transportation and Infrastructure Renewal. When we moved into the space, they went out and got the bids, and they did a lot of the negotiating. They signed the lease, so I'm not the leaseholder; actually, TIR is the leaseholder. I'll be honest with you, as the independent auditor, that's one of those things where you say that's probably as far as we want to go in terms of using the services of government. Where we don't use the services, we absolutely follow the best practices of procurement or anything else. Terry, did you want to add anything?

TERRY SPICER: We got a quick quote to give us an idea. The annual rent increase would be about \$35,000 and the other part would be about \$25,000, but we have to work with the landlord on that, provided we get the funding.

THE CHAIR: Are there any further questions? Mr. MacMaster.

ALLAN MACMASTER: Just a question on the communications person. How would the cost in the proposed budget for this year compare with the amount spent on communication support through Communications Nova Scotia, I presume, last year? How would those amounts compare?

A second question: If you go ahead and have your in-house communications person, will there be a corresponding savings in the Communications Nova Scotia budget?

MICHAEL PICKUP: A couple of things there. We do use Communications Nova Scotia, and I'll let Terry fill in some of the exact numbers, but a few points.

We use Communications Nova Scotia for some of the work we do - for example, dealing with news releases and that type of stuff - but we don't use Communications Nova Scotia for strategic decisions and directions of the office. For example, if we're looking at how we communicate best with the people we report to or if we're looking at engagement

with stakeholders, as we did this year and interviewed many of you as part of that, we've been using outside contractors.

I will let Terry fill in some of the numbers, but you'd probably fall off your chair knowing how expensive it is to hire communication people. It's just not a feasible approach in the long run, and there will be savings.

The other thing is, we did a big engagement process this year and a big engagement study using this outside group. Frankly, one of the recommendations they made is, you need your own in-house communications; you just can't really afford to be going out hiring somebody to do all of this all of the time, because of the cost. Terry, if you want to fill in some of the numbers.

TERRY SPICER: The cost for Communications Nova Scotia is very little, really. Like Michael said, it's mostly with outside consultants, and we would have spent probably \$45,000 last year, I think, on getting help with communications. It's obviously a huge part of what we do.

MICHAEL PICKUP: The only other thing I would add to that is that \$45,000 is almost just one-time special stuff; that's not doing all of the regular stuff that we need to do. We need to be looking at how we're writing our performance audit reports, for example. How do we structure that? At the end of the day, all of us are accountants; we're not communication experts. Communication is a profession, so we thought it is time that we invest in communications.

THE CHAIR: If there are no further questions, I'll entertain a motion to accept the report. Mr. Wilson.

HON. GORDON WILSON: It's always good to have informative - I think communications have always been your strong point, by the way. (Laughter)

I'd like to make a motion that the Special Committee receive the Office of the Auditor General 2020-21 budget request and transmit the request to the Treasury and Policy Board for their consideration.

THE CHAIR: We need a seconder - seconded by Rafah DiCostanzo.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

Thank you very much. We'll now ask Elections Nova Scotia to come forward, and we will extend them the same five minutes. We'd like to welcome Executive Director Richard Temporale.

RICHARD TEMPORALE: This is Dorothy Rice, Managing Director of Electoral Finance.

Good morning. Thank you for this opportunity to present our budget. As an independent, non-partisan agency, Elections Nova Scotia reports to the members of the House of Assembly. Our mission, to deliver provincial elections impartially and professionally, is derived from the Elections Act. Our vision, to be trusted by all Nova Scotians to excel in the delivery of fair and inclusive elections, is predicated upon our independence. The four independent offices of the House act as checks on government accountability.

Independence is a widely accepted international norm for election management bodies and is the single most important attribute of a credible electoral authority. Just as I present our budget estimates to this Special Committee, nine of the 13 other election management bodies in Canada do the same. The difference is those committees have some form of statutory authority for the allocation of funding. Independence and oversight go hand in hand. Transparency and accountability to the members of the Assembly is why we are here today.

While Elections Nova Scotia is always ready to deliver a by-election, general election planning and budgeting is targeted to a date that ensures we are ready before the next election is called. The funding cycle for provincial general elections is shown in the graph in Appendix 3 of the report you have before you. Our business model differs from a typical government department in that we must ramp up, deploy, deliver the election without notice, and then return to normal operations after just about a month of frenzied activity.

Our unique business model also provides us with some unique business opportunities. The 2013 and 2017 general election results permitted us to deliver on a unique provincial cost-saving agreement to redeploy our gently-used IT hardware throughout the government in harmony with departmental IT refresh plans. Appendix 5 explains how this worked.

The estimates I presented last year included funding to meet a readiness date of April 1, 2020, and pressures for one by-election and our pending office relocation. Your committee recommended our budget request without alteration to the Treasury and Policy Board. Neither the election readiness funding nor the identified pressures were included in the provincial budget. Without funding, we could not procure the equipment or supplies we needed forcing us to shift our readiness date to April 1, 2021. Eventually the funding for the other pressures was granted.



The report you have before you today includes the same readiness funding that we requested last year with the addition of some unavoidable costs, about \$200,000 worth. Reasons include four additional electoral districts to equip and to staff, and the shorter time frame that we have now to get election-ready limits our procurement options for equipment and supplies to standing offers.

To be clear, the readiness funding we are requesting today, with the exception of three segregated amounts shown on Page 4, is needed to deliver exactly the same quality election that Nova Scotians experienced in 2017. We need this funding increase included in the upcoming budget before we can start procuring equipment and supplies in early April.

For transparency purposes we have segregated three amounts associated with the improvements that need legislative change. If the changes are not tabled in the House this Spring, this half-million dollars will not be spent. I respectfully request that you accept our budget as presented and recommend it without alteration to the Treasury and Policy Board. Thank you for this opportunity to speak today.

THE CHAIR: Ms. Chender.

CLAUDIA CHENDER: Thank you for your presentation. Just to be clear while we have you here, if there were to be a general election prior to April 2021, is it your opinion that we would be ready for that election?

[11:30 a.m.]

RICHARD TEMPORALE: We will always be ready, but the quality of that election will not be the quality of what we had in 2017. There are chances that there are things that won't be on the table.

CLAUDIA CHENDER: Can you expand on that a little bit?

RICHARD TEMPORALE: It really depends on how much funding we get and when the election is called. If we get all the funding that we have asked for so we can buy our IT equipment, it comes down to when we get it and when we can have it prepared. We need to hire 55 returning officers - we let them all go, and we'll have about half back. They have to go through training, too, to get ready to run an office, let alone run an election.

Now we're into the Fall. If we had a Fall call, then chances are we may not be seeing some of the things that Nova Scotia has led the country in, in terms of vote anywhere, the ballot on demand printing. You might have to vote in your district alone and in your one advance poll alone, or the returning office, that type of thing.

We can't tell right now, but we will come out with a plan once we know what our budget is, once it's past the House. Then we'll be able to say, okay, here's the budget we have, and here's our schedule for becoming election-ready over the course of the next year.

THE CHAIR: Mr. Wilson.

GORDON WILSON: Not to get down deep into your budget, but I'm always curious about what Elections Nova Scotia does to encourage more Nova Scotians to vote.

RICHARD TEMPORALE: I'll answer that two ways. First of all, we have to be careful, because we don't encourage people to vote. We provide access to the general public. We have more ways to vote in Nova Scotia and more opportunities to vote in Nova Scotia than anywhere else in the country. We've worked on that.

We do have a strategy to deal with First Nations, and that's in this budget as well, trying to get to those groups that are under-represented. We also have a strategy for dealing with students because students are also a problem, depending on when the election is called - have they been here for six months? We have a detailed strategy to deal with them, making sure that they can vote, and if they can't that they don't, because the last thing we want is a controverted election.

THE CHAIR: Ms. Lohnes-Croft.

SUZANNE LOHNES-CROFT: I'm just curious. How do by-elections change your budget outlook? We have had numerous in the past few years. Does that really affect your budgeting process and what you need at different times?

RICHARD TEMPORALE: Every year, we say there will be at least one by-election. Every year we identify that, and every year, Treasury and Policy Board says, we'll deal with that when it comes. Yes, you'll see it in this one too. We have identified two that are coming up now. They cost about \$200,000 apiece. For next year, based on history, we're identifying a pressure of one by-election, and it's going to cost \$200,000.

THE CHAIR: Ms. Chender.

CLAUDIA CHENDER: I have one question around Appendix 5, the IT funding. I understand that that's a huge part of your ramp-up cost because - and correct me if I'm wrong - you're now purchasing the technology, using the technology, and then passing it back to government departments. Is the savings to government, resulting from the passing back of these millions of dollars of equipment to various departments, captured at all in your budget? Do we see that anywhere?

RICHARD TEMPORALE: No. In the past two general elections, because there were majorities, it's going to be four years before you have another election. We have used this equipment for six weeks. Do we sit it on a shelf for four years, where it becomes prone to failure because it's just sitting there and it's out of date, or do we try to find a way that it can get used? That's what we did.

Along with the refresh program what we did was, we put it out there and we did this with ICTS; we had an agreement with them. We bought an extended warranty for all of these. You have refresh programs for all your departments. Offer these at half the price and that money goes back to general revenue; so, therefore; it gets used. We don't get any benefit out of it, but it doesn't sit on our shelves, and that has happened twice.

For the next election, if it's a minority government, we keep it because the cycle is two years and we'll use it again and we get to use it twice. To us, the government saved half the money, so it was half the cost for one election. If we use it for two, it's half the cost for each.

THE CHAIR: Are there any further questions? No. I'll look for a motion regarding the report. Mr. Wilson.

GORDON WILSON: Thank you on behalf of the committee for coming in. We're always pleased not only with the way elections are run, but the results. (Laughter)

I'd like to move that the Special Committee receive the Elections Nova Scotia 2020-21 budget estimates and transmit the estimates to the Treasury and Policy Board for their consideration.

THE CHAIR: I'm informed by Legislative Counsel that we do not need a seconder, as this Special Committee is a committee of the House, contrary to the commission.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

Thank you very much, Richard and Dorothy, we appreciate your time. Thank you to the Auditor General's Office and staff.

That concludes the business of the Special Committee of the House of Assembly Management Commission. We'll recess for a few minutes while we regroup and start our regular Management Commission meeting.

[The committee adjourned at 11:37 a.m.]