



House of Assembly
Nova Scotia

HALIFAX, TUESDAY, MARCH 19, 2024

SUBCOMMITTEE OF THE WHOLE ON SUPPLY

3:39 P.M.

CHAIR
Danielle Barkhouse

THE CHAIR: Order. The Subcommittee of the Whole House on Supply will come to order. It is now 3:39 p.m. The subcommittee is meeting to consider Estimates from the Department of Finance and Treasury Board as outlined in Resolution E9.

Resolution E9 - Resolved, that a sum not exceeding \$48,790,000 be granted to the Lieutenant Governor to defray expenses in respect of the Department of Finance and Treasury Board, pursuant to the Estimate.

I now invite the Minister of Finance and Treasury Board to make opening comments up to an hour and, if they wish, to introduce their staff to the committee.

The honourable Minister of Finance and Treasury Board.

HON. ALLAN MACMASTER: I'd like to welcome my deputy minister, Kelliann Dean, who is sitting here with me; my associate deputies Geoff Gatien and Lilani Kumaranayake; and executive director Louise Comeau, who is with us from the department as well.

Thank you, Chair, for the opportunity to speak. I'd like to thank all my colleagues on both the government side of the House and the Opposition for coming here today. I'm looking forward to questions on the Department of Finance and Treasury Board, and the Department of Labour Relations. I want to start with - and I'll conclude with as well - a quick mention and a thank you to the department for its expertise, professionalism, and hard work that they've done into putting this budget together.

On February 29th, I had the privilege of introducing the budget and tabling it in the Legislature: *Building Nova Scotia, Faster*, our government's third budget. Preparing a budget is a big undertaking, and it began many months before that day in February. While led by people at the Department of Finance and Treasury Board, the team that helps us bring it to fruition is spread far beyond our own department, and will continue long after the budget's release.

The department is key to preserving the government's financial ability to deliver programs and services valued by Nova Scotians. My responsibility as minister is to ensure that the high standards for financial management are maintained. In addition to preparing the budget, the department works year-round to make sure the province's finances are managed responsibly. That includes:

- providing day-to-day financial management and leadership to government businesses;
- ensuring transparent financial reporting and accountability;
- working with departments to achieve government's fiscal objectives;
- regulating pensions, insurance, and financial institutions;
- administering the provincial tax framework, including personal income tax credits;
- providing economic policy advice and statistical services to help inform decision-making;
- managing debt, investments, and other treasury functions;
- maintaining fair and open negotiations with labour unions; and
- providing oversight and liaison of entities for which I am the minister responsible, including the Nova Scotia Liquor Corporation, the Nova Scotia Gaming Corporation, the Nova Scotia Securities Commission, and the Nova Scotia Utility and Review Board.

Budgets are best estimates based on our plans and expectations of what our revenue and expenses will be in the coming year. My department carefully monitors revenue and expenses as budget measures are implemented. Progress reports include budget forecast updates that are shared with Nova Scotians throughout the year. Each year, the public accounts are reviewed by the Auditor General and shared with Nova Scotians. I'm proud to say that for the past 23 years, the Auditor General has provided an unmodified opinion. This means simply that our financial statements are reliable and can be trusted.

Forecast updates and public accounts are opportunities to be transparent about the state of our province's finances, including allowing government to highlight what has changed in our revenue, expenses, and economic estimates since the budget was tabled.

I have confidence in our team, and every time I bring forward an update, I know it is based on the best information that we have available to us at the time. This system allows for understanding of how tax dollars are spent, and it provides Nova Scotians with the transparency they need to hold their government to account.

[3:45 p.m.]

Revenue estimates: As there is about an 18-month lag before we get data on actual revenues, Nova Scotia - like all other jurisdictions in the country - relies on estimates of anticipated revenues. These estimates are modelled based on economic data - the latest tax data we have - and historical revisions; population growth and workforce projections; the estimated impact of large-scale construction projects; and information from the federal government. Those are just a few of the things that our Estimates are modelled on.

The reasonableness of our assumptions is reviewed by the Auditor General, and the information is presented with upside and downside risks and uncertainties. Having come through one of the most volatile periods in our economic history in decades, Nova Scotia was not alone in grappling with our forecasts.

Coming out of the pandemic, our province's growth has been remarkable, with more people living and working here than ever before. We saw revenue growth beyond what we projected on budget days in 2022 and 2023. It surprised those who agreed with our economic estimates, and that included Canada's largest financial institutions and leading academics in Atlantic Canada.

Nova Scotians expect their government to be responsive to their needs and make decisions in their best interests. Higher-than-expected revenues gave us the opportunity to make and advance investments in our province - in health care, housing and emergency response - and help people in need with the cost of living at a time when many have been finding it hard to make ends meet. We did this while ending the last two years with a budget surplus and preventing the net debt from rising by almost half a billion dollars. Like governments before us, we rely on this team of professionals who monitor and manage the province's finances closely.

What matters are results. Nova Scotia is a strong fiscal performer, and we continue to receive high ratings from all of the major credit agencies. This shows there's continued confidence in our fiscal management, and our economic outlook remains stable. We continue to monitor all the factors that can influence our credit rating. Banks and rating agencies have commented that Nova Scotia has one of the more resilient provincial

economies. In their latest forward-looking opinions, they forecast our fiscal position to remain stable, predictable, and well-positioned for the long term.

I would like to share some highlights from the provincial budget. Budget 2024-25 builds on the work we have already started and sets a path forward for the year ahead - one that our province can afford. It includes key measures people have been asking for. Briefly, I will highlight how the budget supports Nova Scotians in three key areas.

First, our budget supports individuals and communities in ways that make a difference. This includes help with the cost of living and giving children a stronger start with the new school lunch program. Tax relief was a cornerstone of our budget, putting more money in the pockets of Nova Scotians by indexing tax brackets and the basic personal amount. This change puts an end to bracket creep and ensures the personal income tax system keeps up with inflation. The benefits will add up over time.

Second, this budget continues our work to transform health care with investments in people and infrastructure. Budget 2024-25 invests a total of \$7.3 billion across our health care system, giving us the resources to continue making the kinds of changes that will have a lasting, positive impact province-wide. It includes brand-new support for Nova Scotians with diabetes, more support for cancer care and mental health care, and investing in a modern health care system that can meet the demands of a growing population. We're addressing long-standing generational health issues and investing in wellness and well-being.

Third, this budget builds a healthy, clean economy, and positions our province for successful, sustainable growth. We continue to strengthen how we deliver economic development and invest in the workforce and infrastructure our growing province needs. We will move forward with solutions that work for Nova Scotians, addressing the problems within the health care system and embracing what is possible for the province's economy and future.

Decisions were informed by what Nova Scotians told us was important. Thank you to MLAs for sharing information about the annual budget consultation with your constituents and engaging them on important topics.

I would like to speak a bit about the capital plan. It is an important part of the provincial budget. The investments outlined in the most recent capital plan will make us ready to meet the needs of today and tomorrow. That's why we're investing in capital projects like new hospitals and health care facilities, schools, housing, and roads. Our plans ensure that key health care projects in Halifax and Cape Breton Regional Municipality move forward, and that they will be there to serve Nova Scotians for generations to come.

Our plan supports efforts to build more housing faster, including the first new funding for public housing construction in more than 20 years. With about \$50 million this

year, we will do that, along with new modular housing and upgrades to existing public housing units. There is continued investment in housing projects at NSCC campuses. We expect two student housing projects at the Akerley and Pictou campuses to open in September.

I'm pleased to say that we're seeing concrete results from our investments to date, including health care facilities that are opening to provide better access to care, new schools that are giving our children the best possible start, highways that make traveling safer, and improvements to the provincial park system that will mean better experiences for locals and visitors across the province. This capital plan continues to position Nova Scotia for the future.

To achieve it, our government is also building a plan to train and attract more skilled workers. We're investing more than \$100 million to recruit, retain and train more people in the skilled trades and to modernize the apprenticeship system. We're attracting newcomers with the skills employers are looking for. We established the More Opportunity for Skilled Trades (MOST) tax refund program to help attract and keep young workers here.

Personal income tax credits: Our government's first budget focused on solutions to our province's most pressing challenges. We introduced an innovative solution to help many sectors of our economy that were facing labour shortages, a tax rebate aimed at younger workers. The More Opportunities for Skilled Trades program is a refund of provincial income tax on the first \$50,000 of earned income for people under the age of 30 who are employed and registered in eligible skilled trades, and film and television occupations. In its first year, MOST returned more than \$8.4 million to about 2,200 skilled young people, with an average refund of \$3,300.

We saw the opportunity to extend this program to where it is needed most - in health care. Nova Scotia needs more nurses, and we're doing everything we can to educate, train, hire, and retain the health care workforce our province needs. Nurses are the backbone of our health care system, so opening the MOST program to young nurses is another way we are making Nova Scotia a more attractive place to live and work.

Nova Scotia families can also benefit from other tax programs. Infertility can have a major impact on Nova Scotians trying to grow their family. These challenges are extraordinarily stressful emotionally, and they're exhausting. With the Fertility and Surrogacy Tax Credit rebate, they can get help covering the cost of trying to have a baby. Nova Scotia is the first province in Canada to provide this kind of support. More than 220 rebates totalling \$953,000 have been claimed in the first year. That's more than \$9 million for these Nova Scotians.

My department recently began processing applications for MOST and other personal income tax rebates for the 2023 tax year. I look forward to more Nova Scotians being aware of these supports so they can benefit from them.

I would like to spend a few minutes to talk about Nova Scotia's wine sector, which our department supports as well. Recently it's garnered a lot of attention in Question Period and Estimates debate, and both the Premier and I have taken multiple questions from the media. In 2020, the Government of Nova Scotia agreed to phase out its Emerging Wine Regions Policy, specifically to address the preferential markups. That is what we're working toward.

Given this necessary transition, the government is willing to provide support for both farm wineries and commercial bottling operators. We heard concerns from the sector about what that support looks like. Last night, the Premier held a meeting with representatives of the commercial and farm wine sectors. Both Minister Morrow and I attended. The discussion was excellent, and as a result, we are pausing the commercial wine program while we do an assessment.

We're always listening, and where there is a way to help the industry grow, we want to make that happen. We will continue to work with the sector to find a resolution so that both of those sectors can thrive. We all share the same goal in this province, and we're committed to working with all participants in the sector to discuss options that keep trade commitments top of mind. We have until June 30th to finalize our programming, and we fully expect to meet our international trade commitments on time.

In closing, our government and our budget invest in priority areas like health care and housing. It brings tax relief and fairness to Nova Scotians. We will continue to make the investments Nova Scotians need while responsibly managing the province's finances.

I'm honoured and privileged to be the Minister of Finance and Treasury Board. I will continue to build our province so that all Nova Scotians can live in vibrant, healthy communities and have the best chance to achieve their full potential. I look forward to continuing this work alongside the dedicated and hard-working professionals in the Departments of Finance and Treasury Board and in Labour Relations.

With that, I would be happy to take your questions.

THE CHAIR: According to the practice that has developed in this Legislature, the Opposition caucuses take turns asking questions for approximately one hour each. During a caucus's turn, members within a caucus may take turns examining the minister on Estimate resolutions. Only the minister may answer questions. Caucuses are also expected to share time fairly with the independent member.

To begin the examination, I now recognize the Leader of the Official Opposition.

HON. ZACH CHURCHILL: Thank you for your relatively brief comments to give us more time to ask questions. I do want to recognize the incredible public servants that we have in the room as well: the deputy minister, executive directors, and staff. Thank you for your service to the Province and to governments of all political stripes. You folks are certainly the continuity in government, and I know that you provide great service to the public. Thank you for your commitment to doing that.

Minister, I want to start with some questions related to the decision around the commercial bottling subsidy program. When it comes to the consultation of the farm wine sector - which according to them would have been drastically impacted by the move to augment and give a large, equal subsidy to the bottling wine sector - they certainly have indicated that there wasn't consultation leading up by the Department of Finance and Treasury Board, or Department of Agriculture, or the Premier's Office. In fact, I think they were first notified on January 4th of the change, when the decision was, I believe, announced on January 8th.

However, we do know from a freedom of information request that the Premier had been having meetings dating back at least to 2022 with the bottling side of the sector. That does indicate that the Premier's Office was involved with this decision. So my first question to you, Minister, is: Did the Premier's Office direct the Department of Finance and Treasury Board to initiate this change?

ALLAN MACMASTER: I would say the Premier is involved with just about every decision of the government because he's the Premier. I don't think my ministry is any different. Any time there's a major initiative being worked on, we want the Premier to be aware of it. We all have opinions. Every single member of the Legislature has opinions. I'm sure the Premier is no different. He carries the added responsibility and weight of being the Premier, and he is the face of the government. There's no question that the Premier has been made aware of the policy. It was one of the significant issues.

The NSLC is one of the responsibilities under my portfolio, and it would have been one of the more significant issues when we came to government that was outstanding and needed to be addressed. There was a four-year period provided to the Province to correct the trade policy that was in place that was not compliant. That four-year period is ending at the end of June.

Before I even landed in my chair at the Department of Finance and Treasury Board, I know my staff had been working with the wine industry on coming up with a solution to the trade challenge. I have been getting updates, and there have been meetings. I know the Minister of Agriculture was even more directly involved than myself with the industry. No question, everybody has been involved in this. There's a concern and a desire to ensure that come the end of June, the policy that's in place will be trade-compliant and will be something that people in all sectors of the industry will feel good about.

[4:00 p.m.]

ZACH CHURCHILL: I think there's a distinction that we have to make here in terms of the Premier being aware of a decision and the Premier directing the decision. What I'm trying to find here is: Was this adjustment moved forward with as a result of advice that came from trade staff in the Department of Finance and Treasury Board to the Premier's Office, or was this a directive that came from the Premier's Office to the Department of Finance and Treasury Board?

I think it's important to clarify why this is important. The reason it's important is because it had been suggested - first by members of the farm wine sector - that this decision was the result of the Premier's personal relationship with one individual who, according to the Premier, has possibly done fundraising for the Premier and who he, by all accounts, has a close allegiance politically and a friendship with. That's what we're trying to get at here.

Did this, in fact, come from the Public Service Commission as a recommendation to the Treasury Board or Cabinet or to the minister? We certainly don't want the minister breaching oaths of office. Or was this a directive that came from the Premier's Office to the department?

ALLAN MACMASTER: Chair, the Premier is responsible for the Department of Intergovernmental Affairs. Within that portfolio are things like trade with other jurisdictions. This matter was a trade issue that needed to be fixed. We have until the end of June to fix it.

There's no question the Premier in his role is responsible for Intergovernmental Affairs. That can be working with other provinces or that can be working with the Government of Canada, which in this case it would be, considering that the trade agreement was between the Government of Canada and other countries. There's no question the Premier would have every reason to be involved as the - I guess you could say - Minister of Intergovernmental Affairs. These are decisions of government. We make them as a government. In this case, we have until the end of June to finalize the solution.

Last night, we had a good meeting with people in the wine industry in Nova Scotia, both commercial and farm wineries. In that meeting, I think there was an acknowledgement that everybody wants to be successful and nobody wants to take away from somebody else's success. I think that's a great starting point. The last government was working on this because it landed in their lap as a trade dispute while they were in office. I remain an optimist, and my hope is that at the end of June, we'll have a good solution in place.

ZACH CHURCHILL: I appreciate the minister's forthrightness on that. If I'm to read between the lines of the minister's comments, this was directed by the Premier's Office, perhaps in the capacity of Intergovernmental Affairs. If I'm alleging the wrong thing, the minister can certainly clarify that. I know the minister appreciates why there is a

difference here. Certainly, this would impact the NSLC as well. Could the minister please tell us if this recommendation came from the NSLC staff or board to the minister to make this adjustment or if the NSLC was directed to make this adjustment?

ALLAN MACMASTER: There's no need to read between the lines. The Premier is responsible for the Department of Intergovernmental Affairs. The decisions that we make are made as a government, so we're looking at all of the possibilities.

As of last night, there was agreement that we would pause this practice for commercial wineries in the province. We have until the end of June to come up with a finalized approach that we hope all sectors of the wine industry and the province will be pleased with. We get information, of course, from the NSLC. That's where this product is retailed. That's, in fact, why this became a trade issue in the first place. It was because the NSLC is a large retailer, and what was in place was a preferential margin for Nova Scotia product at the NSLC - so of course they've been involved.

There's no need to read between the lines. This was a government decision, and the most recent decision is that we have paused the commercial wine program. We have until the end of June to come up with a solution for both farm wineries and commercial wineries that is trade-compliant and is something they feel good about.

ZACH CHURCHILL: Certainly, the NSLC would be involved with this, undoubtedly. The question specifically is if it was the NSLC that made this recommendation, if they supported this recommendation, or did the directive go to the NSLC from the Department of Finance and Treasury Board?

ALLAN MACMASTER: I will tell the member that we get recommendations on just about everything, and this is no different. That's part of consulting with groups - in this case, the wine sector. At the end of the day, what matters is the decision that's made, and we accept responsibility for the decisions we make as a government.

ZACH CHURCHILL: Did the minister direct the NSLC to make this change?

ALLAN MACMASTER: Because the margins were a feature of the trade complaint - the main feature of the trade complaint - and because those margins exist on products sold at the NSLC, yes, those have to be changed. We have to ensure that come the end of June, products sold at the NSLC are priced with the same margins, no matter where it comes from - whether it's produced in Nova Scotia or whether it's produced in another part of the world.

ZACH CHURCHILL: As I understand it, the NSLC board functions at arm's length from government, and independently. Could the minister please be specific on this? Did the minister direct the independent board of the NSLC to make this adjustment?

ALLAN MACMASTER: The government is the shareholder of the NSLC on behalf of Nova Scotians. As minister, I would appoint members to the board. There are still some members on that board who were appointed under the last government. When we are working with the NSLC, we would do it typically through the board. I won't get into the details of governance, but that's essentially how it works. There's a board that - whomever the Minister of Finance and Treasury Board is at any given moment - makes appointments to the NSLC, and they carry out their wholesale and retail operations of alcohol in the province.

ZACH CHURCHILL: Did the NSLC staff support this directive?

ALLAN MACMASTER: Given that the government is the shareholder of the NSLC, at the end of the day, the government is responsible for policy decisions for how product is sold at the NSLC. In this case - in the case of a trade dispute of products sold through the NSLC, which is a government Crown corporation - government is responsible for that.

The buck stops with the government in much the same way that the member's government in 2015 started a program for commercial wineries operating in Nova Scotia - to give them a preference, in effect, a lower margin than was placed on product coming from other parts of the world being sold through Nova Scotia Liquor Corporation. In much the same way that the government that he was a part of made that decision and asked the NSLC to carry it out, is the exact same way we would do any of our dealings with the NSLC, as the shareholder - through the board and through their operation.

ZACH CHURCHILL: Certainly, those efforts have paid off with major dividends for Nova Scotians. Despite the trade challenge, we saw, as a result of those policy decisions, a massive expansion of the farm wine sector to the point of being worth about \$250 million right now. We've seen, over the course of eight years of that policy being in place, wineries pop up throughout the Valley - vineyards pop up throughout the province - even including in my salty-aired fishing area of Yarmouth. In Forest Glen, we have one of the great entrepreneurs in the fishing sector actually invest in a vineyard - Jean Guy. It's all those companies and entrepreneurs that have really built up that sector over the years that have had the real economic impact on the lives of people - 1,100 people employed.

I certainly know the minister is not disparaging those investments and those policies, because the proof is in the pudding with how effective they were at growing that sector and the rural economy.

The minister did mention that there was support for the bottling sector. That's true, but it was marginal. I do want to clarify the record in here on that. It was a marginal market compared to what was being offered to the farm wine sector. I believe bottlers who primarily import product from other jurisdictions - which are also in many jurisdictions subsidized to be grown - their cost for filling bottles is probably \$8 per bottle or something

like that. There was a 143 per cent markup to bring them to the competitive price of probably around \$20, for the sake of example.

If you compare the 43 per cent markup to the locally produced farm wine sector, which has a much higher cost to produce their product, it now is at 43 per cent markup. For the minister to suggest that these are apples and apples compared to what the government was trying to do, I know he can look at those numbers and realize those are apples to oranges.

[4:15 p.m.]

The problem this has created for the sector is the cost advantage that bottlers have. It's cheaper to import juice produced elsewhere that's oftentimes subsidized by other provincial jurisdictions or built on cheap labour like in South America. So it's obviously a lot cheaper to bring that in here. You can run a bottling factory with a very small number of people, put labels on the bottles, fill it up with products produced elsewhere - a much cheaper business model. Folks who do that have a very obvious competitive advantage from a cost perspective because it's cheaper to produce that.

The reason and rationale behind supporting the farm wine sector is because there isn't that cost advantage. It costs probably twice as much to grow the grapes, produce the wine, and bottle it from a farm wine standpoint. That's why the change that the government presented to provide equal support to both of those entities doesn't make any economic sense, and I think that's very obvious to anybody who looks at the numbers.

The real question is: Why was this made? It's been obvious that there's been no economic analysis done by the Department of Economic Development. The trade issues have been kept secret, according to the Premier and the minister. People are left to speculate without having that level of detail.

My question to the minister is: Moving forward, does he recognize the competitive advantage that the bottlers already have, and the cost discrepancy between bottling, farming and producing here? Will he ensure that any changes made to subsidizing or investing in this sector take into consideration that cost advantage that bottlers already have in this equation so that they can't outcompete locally grown farm wine? The last thing we want is to lose all that incredible vineyard product and quality product that's winning awards to become a bottling factory here in Nova Scotia. That certainly doesn't seem good for the economy. Will the minister commit to ensuring that is factored into whatever decision is made to provide investment to the sector?

ALLAN MACMASTER: There's nothing being kept secret on the trade issue. It is very clear that the margins that were in place at the NSLC, which gave a preference to Nova Scotia product - both the farm wines, but also the commercial wines - were done in 2015. I was referring earlier to what was done in 2015 when the previous government gave

a benefit to commercial wineries in this province that are oftentimes importing grape juice from other parts of the world into Nova Scotia and using them to blend and to create wines here. The previous government started that practice in 2015 to give them a subsidy to do that here. Only they can answer why they chose to do it at that time.

The trade dispute - there are no secrets. It absolutely has to do with the margins on the product. We cannot have the NSLC as a government retailer selling product where it gives a margin preference to a Nova Scotia-made product. There are no secrets. That is what has to be fixed. The policy we're working on, we have until June. We've paused the commercial portion. We had a discussion last night, and the Premier, as he stated today, said that would be paused so further discussion could happen.

I want to acknowledge that the farm wineries in the province have a concern with commercial winery operations. They feel that if commercial wineries become stronger, it could come at their expense. I want to acknowledge that is how they feel.

There are other schools of thought that would suggest those commercial winery operations are competing with other players - for instance, other bottlers of wine in Quebec, which would be bringing in grape juice from other parts of the world, blending it, bottling it in Quebec, and selling it to the NSLC. Customers in Nova Scotia are obviously buying that wine. Otherwise, it wouldn't be on the shelves here. That's all to say that there are no secrets about what's going on with the trade issues. We have until the end of June to fix it. I would never want to do anything that harms farm wineries in the province.

The other hat I wear is Minister of Communities, Culture, Tourism and Heritage. Farm wineries offer an experience in this province that is very valuable. It brings in a lot of receipts for tourism dollars in the province. We need authentic experiences - the kinds of experiences these wineries offer. I also want to recognize that those farm wineries that are growing grapes here - the agricultural component is significant. They're making the product from scratch. It's an authentic Nova Scotia product. It costs a lot of money.

One only needs to look out their window, especially this time of year, to see that we live in a climate that is much harsher than in places closer to the equator, where it's hot most of the time, and in certain places of the world where weather is more consistent and you don't have freeze/thaw cycles. We saw the polar vortex funding, which was to address the cold snap we had that damaged so much of the grape crops in the province.

It costs more to run a farm winery. They have a completely different cost structure than commercial wineries. That is obvious. What we have been trying to do is ensure that both farm wineries and commercial wine operations have an ability to compete against their competitors. At the end of the day, we don't want one to hurt the other. That's probably the most important thing I can say. We don't want one to hurt the other.

They are competing against wines from all over the world, whether they're bottled in Quebec or bottled in France. They're competing against more than just themselves. We want to see both those sectors thrive in Nova Scotia because both employ people. Both have business models that are different but both bring value to the economy in the province, and we want them both to thrive.

ZACH CHURCHILL: The minister asked why the emerging wines funding was made available under the previous government. The reason is clear: to help grow the sector. There were components to that. The primary beneficiary of public dollars that would have been utilized for the markup would have been the farm wine sectors. If you compare the markup from the bottlers to the markup from the farm wine sectors, they're very different - 43 per cent to 143 per cent. The commercially bottled products, which cost around \$8 apiece to produce, were marked up 143 per cent to, let's say, \$20 to \$21. The farm-produced wine was marked up by about 43 per cent. That would take a bottle of wine that cost \$15 to produce and bring it up to \$21 to \$23. There was fairness in the competitive price point for both.

Again, the difference with how this government planned to approach this was to provide the same amount of support to both entities, which creates a lopsided competitive advantage to the bottlers because it's cheaper to produce, and the economic impact to the province is demonstrably less than with the farm wine sector.

I just wanted to answer that question the minister asked me because the rationale was clear on why we did it. We had an emerging wine sector we wanted to grow and succeed. It did and it worked. Those dollars were invested wisely and fairly, and neither one nor the other was given a price point advantage on the shelf as a result of that. It is clear there was a trade issue that came up from that, but what's not clear is why the government decided to increase the support to the commercial sector. That certainly wasn't prescribed in the trade deal.

Every other jurisdiction that was implicated with the trade complaint from Australia - I believe it's Ontario, B.C., and the federal government - none of them moved to do this sort of thing. Australia doesn't subsidize the importation of foreign grapes, I don't believe. Those other sectors that were implicated in this provided support through the Agriculture Department, which seems to protect government and sectors from trade challenges. The fact that this program was then moved into the Department of Finance and Treasury Board instead of being done through the Department of Agriculture, I think, potentially created more trade issues.

Although the program has been paused, we don't know how it's going to proceed. We also know, based on the answers that the Premier and the Finance and Treasury Board Minister gave to the House and media, that there has been money that has been doled out already, and we don't know what the impact of that is going to be. Can the minister please confirm that investments have been made? I know he's not going to want to tell us

specifically how much money each of the commercial bottlers received to their companies, but could he give us a ballpark figure overall of how much money has been given to the commercial bottling sector as a result of the changes made on January 8th?

ALLAN MACMASTER: The commercial wineries were actually part of the trade challenge because the trade challenge made the complaint that there was a preferential markup at the NSLC. In other words, it essentially made product coming from Nova Scotia onto the shelves at NSLC - you could price it higher. The producer in Nova Scotia could price it higher because there was a smaller margin going on it. It would land on the shelf at the NSLC at maybe the same or even a lower price than a bottle, say, from Australia. It wasn't just farm wineries that had that margin advantage. It was also commercial wineries. It was part of the trade challenge.

I would also say that the member's government, when it was in office, must have seen some value in commercial wineries in the province. It was they who started the practice in 2015 of giving not only farm wineries an advantage but commercial wineries, with a markup that allowed their product to hit the shelf at maybe the same or a lower price than a competing brand, say, from Australia or that was bottled in Quebec, with the producer able to get more money for that bottle it was selling to the NSLC. It could come in at a higher price at the NSLC because there was a lower margin going on it at the NSLC. So the member's own government must have seen some value in commercial wine bottled in this province, because they started the policy in 2015.

I think the most important thing I can say is that our government doesn't want to do anything that hurts the farm sector, winery sector in this province. We have until May 30th to come to a solution that satisfies trade compliance for Australia. I remain optimistic. My hope is that both farm wineries and commercial wineries in the province will feel good about what's in place.

ZACH CHURCHILL: Again, we clarified this. There was emerging wine support for both sectors, but the scale was not the same, and the minister knows that. The difference with what the minister directed the NSLC to do was to give the equal amount of support to both when the return was not the same - again, 143 per cent markup for the bottlers, 43 per cent for the farm wine sector - to bring the prices to comparative, competitive levels. That's very different than giving each group the same amount. I know the minister knows the difference there. I do think the government is now recognizing the potential damage that they almost caused to a really critical sector that, again, was very well supported by the previous government, and also did really well because of their own entrepreneurship, investment, and the great products that they're producing primarily.

I think the reason they're just discovering this now is because the first time the Premier met with the farm wine sector and representatives from the grape growers was just last night. It took three weeks of sustained public pressure, outcry and backlash for the Premier to take on that meeting. The farm wine sector - the grape growers - were brought

into this conversation four days before this announcement was made. Again, if the Ministers of Agriculture, Finance and Treasury Board and the Premier had met with the sector constructively far in advance of this decision, they would have known the scope of the potential damage that they could have created. I want to compare that to how long ago the Premier met with the commercial bottlers. It was in 2022 - two years ago - when the Premier of the province directly met with those folks.

[4:30 p.m.]

You see a major discrepancy in consult and priority given to one side of this compared to the other. It certainly seems that favouritism was played on this file. That does seem very clear to me on this. Hopefully, this will be a change of direction. This is certainly a file that we're going to continue to pay attention to because it is a very consequential one for the rural economy, for the tourism economy, and for ensuring that we continue to produce high-value, high-quality product that continues to gain recognition around the world and win awards and bring great attention and hopefully further investment to our province.

On the tourism front, there was another controversial decision around Cabot Links. This is something we registered concerns about with the location of the Cabot Links expansion. One question I have is whether there's a process for those sorts of expansions. At one point, the Premier said Cabot Links could put an application in and it would be looked at. Then the Premier intervened and said, No, it's not going to happen. Was there a process for this? Was there an application for this? What led to the decision to not allow the Cabot Links expansion?

ALLAN MACMASTER: I think I heard two questions there. I'll start with the first - back to the wineries. The member referenced the difference. The difference was in levels of support between support for farm wineries and supports for commercial wineries. That was the main issue that was discussed last night in our meeting. That's exactly why we paused the program for commercial wineries in the province.

I think all of this really stems from the fact that there are different viewpoints to who competitors are. The farm wineries see the commercial bottlers as their competitors - or some of their competitors - and the commercial bottlers see commercial bottlers in other places, like Quebec, as being their competitors. I really feel that's where the root of the disagreement between those two sectors of the wine industry is coming from. There's a difference of belief in who competitors are, and nobody knows their competitors better than the businesses themselves. I'm going to leave the answer to who knows their competitors best - to the people who are in that business.

We heard their viewpoints last night, and that's why we paused the commercial wine program. We're trying to be responsive. As the member had said before he moved on

to the other issue, we agree: We want the farm wineries in this province to thrive. We don't want a decision to help one group in the province to hurt another group.

Moving on, the other question was about Cabot Links. That question is not related to my portfolio on finance and labour relations, but I'll simply answer it because it is not really my place to answer those questions today for that. I will tell the member that the process he is speaking about would have nothing to do with tourism anyway. I will offer him that.

ZACH CHURCHILL: I want to thank the minister for his candor and for answering questions. I will pass it off to my colleague, the member for Kings South.

THE CHAIR: The honourable member for Kings South.

HON. KEITH IRVING: Welcome, Minister, and to your staff here today. I want to begin by just trying to gain some insight into your thinking as Minister of Finance and Treasury Board. When we question you about the financial management of the Province and the spending - the additional appropriations - your response is, We're spending on what Nova Scotians want. We're elected on health care. The Premier is saying, We're going to spend whatever it takes.

The question is with respect to financial health. You're not the Minister of Health and Wellness, you're not the Premier of the province - you're the Minister of Finance and Treasury Board. Who's responsible for the fiscal health of the province?

ALLAN MACMASTER: I would actually say that every minister is responsible for the financial health of the province. Every minister has a role of oversight over their department to ensure that money is spent prudently, that there's value for the taxpayer, and to ensure that any investments that are made are getting the desired result.

The Public Accounts Committee plays a big role in that. I recall that the former government actually changed the rules of the Public Accounts Committee, changed the rules of the Legislature - not in the Legislature, but at the committee level - by using their majority on that committee to eliminate some of the ways that the Public Accounts Committee could function to hold government to account for how they spend money.

Specifically, looking at any other matter that might concern the committee, the government - of which that member was a part of - limited discussion with their majority on the committee only to Auditor General reports that could be two years old. They certainly weren't necessarily current issues of the day of concern to citizens, which could have been very damaging to the government. So I can see why they did it. They wanted to protect their government, but it removed an ability of the Opposition - which the member is now a part of - to use its role to hold the government to account and to question the responsibility taken for financial management and health of government's operations.

One of the things I think we did that was very important as a government is that we actually restored the Opposition's ability to talk about things other than Auditor General reports on the Public Accounts Committee. I think that's a sign that our government welcomes accountability in all its forms on that committee, unlike the previous government. I think it says that even though we have the power, as the last government had, and could change the rules of the Legislature, no less - not in the Legislature but at the committee level - we're not going to use our power to do that.

We're going to respect democracy. We're going to respect the institutions of this Legislature, one of which is the Public Accounts Committee. We're going to respect the Opposition members, because Nova Scotians elected them too. We are not the only people elected. It's not just the government's show here; the Opposition matters too. I served in Opposition for 12 years. Having the privilege to serve in a government, I am quite willing to respect the Opposition because I know what it's like. I sat there long enough myself, and I believe the role is important.

To answer the member's question, all ministers are responsible for the financial health of the government, but as Minister of Finance and Treasury Board, ultimately, if you were to point to one minister, it would be me who is responsible. If we want to talk about the financial health of government, there are a few things that come to my mind. One is: How do the bond rating agencies view us? They care if they see a government taking on too much debt and if they don't believe it's sustainable or financially healthy.

We've received a lot of reviews that were very positive. On March 1st of this year, Moody's Investors Service said: "As the deficits are relatively small . . ." In fact, I will point out that in the end, we've delivered budget surpluses every year since we've been in office. "As the deficits are relatively small" - and I think they are referring to the ones we budgeted for, not the fact that we delivered surpluses. "As the deficits are relatively small, several key metrics, including debt burden and interest burden, do not differ significantly from our previous forecasts." Of course, some of those previous forecasts would have been done under the previous government - under that member's government. I continue with the quote here:

As a result, we view the budget as credit neutral. Nova Scotia exceeded its budget target for fiscal 2023-2024, which creates a more favourable starting point for the updated fiscal plan, relative to our previous forecast. The deficits in the budget plan remain largely driven by higher spending, partly to meet demand from the growing population but also to address affordability concerns and strengthen key social programs. The risks, therefore, will be tied to how well the province manages spending pressure, especially if revenue is lower than budgeted. That accumulation over the fiscal plan is driven by a combination of the operating deficits, as well as financing needs for capital.

I'll depart from the quote for a second, and I'll state that the previous government also intended to make significant capital investments, particularly in health care. I think about the Cape Breton Regional Hospital and the Halifax Infirmary. With those investments, we're going to add a lot of debt to the province's books. We agree with the last government, unless they've changed their minds, that those investments are necessary - even more necessary today because our province has grown significantly in the last three years in terms of population.

[4:45 p.m.]

I'll go back to the quote from the rating agency:

Risks therefore reflect those stemming from an inability to adhere to the debt accumulation over the fiscal plan as driven by a combination of the operating deficits as well as financing needs for capital. Risks therefore reflect those stemming from an inability to adhere to the operational plan, as well as cost overruns on capital. The debt burden and interest burden remain, however, well-positioned to absorb likely pressure that might arise.

They conclude by saying, "We also expect the interest burden to rise to 5.1 per cent in 2027-2028 from 4.2 per cent in 2023-2024. These levels remain consistent with our previous forecasts and are well aligned relative to similarly rated peers." That was Moody's Investors Service.

On March 2nd of this year, Morningstar DBRS said the following:

The surprise surplus position from the prior year will be upended by higher planned spending amid a global macro-economic slowdown, which is expected to lead to rising debt and constrained flexibility over the medium term. However, we note that Nova Scotia entered this downturn with considerable fiscal flexibility, a relatively strong balance sheet, and a resilient economy, which will help offset any modest deterioration outlook.

Despite acceleration in program spending and rollout of significant tax relief measures, alongside an absence of any plan for a return to balance, the deficits are expected to be manageable, given the Province's balance sheet flexibility. Nova Scotia's economy is one of the more resilient provincial economies as it acts as a regional service centre for the surrounding provinces, and continues to experience strong population flows. Following a slowdown in economic growth in 2023, momentum is expected to pick up over the next few years.

Growth continues to be underpinned by ongoing population growth, an uptick in residential investments, easing of inflationary pressures, and continued recovery in the tourism sector. Downside risks to the outlook stem from persistently high interest rates, commodity price volatility, global geopolitical uncertainty, and supply chain disruptions.

I could also go on about Standard & Poor's rating, but I think I've made the point that I want to make: The rating agencies look very favourably upon our Province. If the member is trying to suggest that I - as the minister responsible - am responsible for the fiscal health of the Province, I would say to you that the rating agencies would tell a story that we are in very good fiscal health. I would also add that, every year since we've come to government, we've ended up with budget surpluses - not deficits but surpluses - which are used to help to pay down the potential growth of debt.

Probably the most significant achievement of our government, or the significant hallmark, that we would look to is the health care system and our efforts to fix it. We've done all of what I've just said while budgeting 36 per cent more with this most recent budget than the previous government did in its last budget just three years ago. I feel good about the fiscal health of the Province, and I feel good about the fiscal future of the Province.

THE CHAIR: I would ask that when you're done with that document, you please table it for the record.

The honourable member for Kings South.

KEITH IRVING: Thank you, Minister. You're proud of your work. The Royal Bank of Canada came out with a review of Nova Scotia's budget, headlined "More Investment in Healthcare at the Expense of Fiscal Health," noting no commitment to balanced budgets, placing the trajectory of the Province's debt to worsen over the medium term, placing Nova Scotia among Canada's more indebted provinces in terms of share of GDP.

I'd like to ask the minister: Your budget shows the increasing debt-to-GDP ratio. We understand why that is, with the investments in health care that you're planning. At what level do you become concerned about the debt-to-GDP level?

THE CHAIR: The honourable Minister of Finance and Treasury Board, with the note that there are seven and a half minutes remaining of the Liberal caucus's time.

ALLAN MACMASTER: My personal preference is to see that ratio as low as it can be, but I do know that you have to invest. There are times when you have to invest. Ideally, you invest before you need to so you're prepared. I don't say this as a criticism of the previous government because I don't think people could at the time see the population

growth that was coming our way, coming out of the pandemic. I don't say this as a criticism, but the fact is that our province is growing. We need to invest. We need to replace - there are schools that are bursting at the seams here in HRM. There are hospitals and nursing homes that really should have existed before now. We have an ambitious plan to build about 2,500 beds.

I think of the last government. What became the face of that issue was bed sores on the front page of the newspaper. You had residents in nursing homes where the system was so under capacity that not only were people in hospital beds at four times the cost waiting to get into nursing home beds, but the nursing homes were under such stress that the staff didn't have time to come into rooms to turn residents so they wouldn't get bed sores. You can imagine how that rested on their conscience.

I suppose some could say you're spending too much money; you're being fiscally imprudent here. But think about what we're trying to do. We're trying to give people dignity. Yes, we're spending a lot more on health care, but we're a growing province. The system wasn't set up in health care for the population we had, let alone the one we're going to have. Yes, I'd like a lower debt-to-GDP ratio, but I also have an open mind to understand that there are times when investment is needed. That ratio is not growing because of deficit spending. As I've just said, we've had surpluses.

It's growing why? Because we're making capital investments in things like hospitals, schools here in HRM. We need to make investment in schools. That's in the future. It's in our capital plan. The Department of Education and Early Childhood Development can speak more specifically to those investments. All to say that debt-to-GDP ratio is growing because we're investing a lot more. We're making - I think the term we've been using is "generational investments" because we got a lot of life out of some of the health care facilities we had. It's time they need to be renewed and it's going to cost money, but if we want to have a good health care system, if we want to have schools that are big enough for all the kids who are in them, we've got to invest in them.

I will point out that our debt-to-GDP ratio, as you can see in this budget, on Page 7 of the Budget 2024-2025 document - the main budget document as opposed to the supplementary estimates - it's growing, but even despite its growth, it's still lower than what the previous government had budgeted for. If they were okay with it going higher - when the member was part of that government - yes, it's growing, but it's actually lower than the last budget they tabled in the Legislature, which showed it growing even more.

KEITH IRVING: What we've learned so far through this budget and the little discussion we're having here is that there is no commitment by this government to balance the budget, and there is no level of debt-to-GDP ratio that the minister is concerned about. The minister is concerned about spending, spending, and spending.

Let's look at that four-year fiscal plan. I'd like to understand what is in that with respect to the capital projects. We have a four-year fiscal plan. Is the Halifax Infirmity expansion project and the costs associated with that of \$2 billion or \$3 billion - and perhaps you would like to reveal what that number is currently estimated at. But the most important question that you can respond to Nova Scotians on is: Is that multi-billion-dollar project in the fiscal plan?

ALLAN MACMASTER: I think we missed it at the start of the member's comment there. Which item is he referring to?

KEITH IRVING: The big one, the Halifax Infirmity expansion, known to be \$2 billion or \$3 billion or more counting, in which there is a hope to complete that project in the next five years, according to the minister. Are those numbers baked into the four-year fiscal plan that you have presented in this budget?

THE CHAIR: The honourable Minister of Finance and Treasury Board, with a note that only two department staff are allowed at one time. You can switch over if you'd like.

The honourable Minister of Finance and Treasury Board.

ALLAN MACMASTER: I'm just trying to get you an accurate answer, but we'll make sure we follow those rules. The short answer, because there's not a lot of time here, is that there are some design components in the budget. The reason that the entire project is not included is for competitive reasons. Eventually we're going to have to go to market, and if we start showing what we believe the cost may be, we're sort of revealing our hand.

THE CHAIR: Order. The time has expired for the Liberal caucus. It is now time for the NDP.

The honourable member for Halifax Citadel-Sable Island.

LISA LACHANCE: This government was elected with a bunch of slogans and a platform, such as the payroll rebate and Nova Scotia Loyal. The MOST program is really the only thing that's actually been implemented at all, so I'm wondering if the minister can tell us the total number of applicants and rebates paid out in 2023.

ALLAN MACMASTER: I believe the member asked for MOST for last year, the 2022 tax year?

LISA LACHANCE: 2023.

ALLAN MACMASTER: So far, we've received 74 applications. The total tax refund for current applications is close to \$260,000, but to date, we don't have any approved yet. Of course, we're dependent on when those applications are submitted. As

time goes on, the process to approve applications is getting more and more efficient, but of course we have to make sure. These are Nova Scotians' tax dollars. We want to make sure that if we're handing out a rebate, that it is a rebate that is legitimate. We wouldn't want to be handing them out so freely that there could be people applying who aren't eligible, for instance.

[5:00 p.m.]

LISA LACHANCE: How many applications are you expecting for 2023?

ALLAN MACMASTER: This may help to provide some context: In 2022, we had close to 2,600 applications, but in 2023, we added a significant group of people, that being nurses. They're now eligible. We expect to receive a lot more applications this year.

I'm seeing that we would expect about 2,600 nurses, plus I would expect similar to last year, so you're getting in the neighbourhood of maybe 5,200 applications.

LISA LACHANCE: The expectation of 2,600 nurses - what is that based on?

ALLAN MACMASTER: Well, it would be nurses under the age of 30.

LISA LACHANCE: How do you know how many there are?

ALLAN MACMASTER: I have a lot of faith in my staff here. I can tell you, it's not me who's doing it because I wouldn't know offhand. I would say that I can probably get an answer from a very capable person beside me - Ms. Kumaranayake. In answer to the member's question, the College of Nurses provides us with information to help us understand the numbers that we could be seeing applications from.

LISA LACHANCE: One of the things that we've expressed concern about in the House is the age cutoff of 30 being too low. For instance, the mean age amongst apprentices in Nova Scotia in 2022-23 was 32, thus they would not be eligible for this incentive.

Have there been any further discussions about raising the age cutoff?

ALLAN MACMASTER: This was an idea that was put forth as part of the platform in the election campaign of 2021. There was a real interest to try to do something to ensure that we retain young people in the province and attract young people to the province. That's why there was an age in the policy of under 30. That was one of the primary goals of the program.

There's no question that I would love to have this tax rebate. Everybody would love to have this tax rebate. There are a number of goals here. One is to focus on skills that are

needed in the province, but another big component of it is age and the desire to try to encourage young people to put down roots in the province.

Somebody who is under the age of 30 may, if they put roots down here and if this is an incentive to keep them in our province, might start to buy a property or a home. They might get married. They might have children here. They might do all the things that make them more rooted in this province. We need that because we need people in the province. We have a labour shortage right now.

This was an idea of the Premier's that's been put in place. I know the average refund has been upwards of \$3,500, so it's very meaningful to those who are receiving it. We expect this year, I think, to be in the neighbourhood of \$27 million of support given to people under the age of 30 who are in these qualifying sectors who make application. We're going to monitor this program and determine if changes are needed in the future. We would consider that.

Based on what it was put forward as, it was put forward for people under the age of 30. It was a tool used to encourage people within that age group to lay down roots in the province, to come here, to stay here. They are the people we are going to need to help us with the labour shortages we have and to grow the province.

LISA LACHANCE: I can reassure the minister that I support the aims of what the policy might achieve. What I am worried about is that the policy, and that age cut-off specifically, is not connected to evidence, and that there's actually a greater pool of people one could attract if you looked at the ages of certain apprentices.

Of the 2,600 applicants who were approved in 2022, I'm wondering if the minister can tell us the gender breakdown of those applicants, their occupations, and their locations within the province.

ALLAN MACMASTER: With respect to nurses, it would be predominantly female. There are about 4,000. Where they are located and what their gender is around the province - we could get information from the apprenticeship agency on that. I don't have it here today. That's the kind of information that over time is brand new. Last year was the first year that people could apply for the rebate. As time goes on, the information will get better and better. That's the most detailed answer I can give you here today.

We're looking beyond where they are in the province and beyond gender. We're looking at young people we want in the province, with a goal of trying to get them to lay down roots here because we need them.

LISA LACHANCE: It's also a shared goal that some day we can look beyond gender, absolutely. I don't think that day is here. I think when we look at the representation of women and gender-diverse folks in the trades - I asked you about 2022. You have 2,600

data points that could easily provide some analysis of gender, location and occupation. That would give some pretty interesting information, I would think, as to what's working with the program and what could be improved.

The YWCA Halifax just released a report, which I can table later, really looking at the experiences of women and gender-diverse folks in the trades. It's not an equal playing field. That's why we have all these amazing programs to try to address that. We haven't seen African Nova Scotians or Indigenous folks as well-represented amongst the trades as we should. We have lots of programs, but those programs - how can most intersect with those?

I think the other challenge when looking at issues of gender is also one that we have made a point of in the House before, that if women end up starting families under 30 and take a break, they don't complete their apprenticeship. Then they're not eligible for the MOST program. I actually think you can't say you're looking beyond gender to youth. You need to look at who is benefiting from these programs. Right now, if that information is available, I would request that it be tabled in the House.

How about another question? Are there plans to expand the MOST program to include other in-demand health professionals?

ALLAN MACMASTER: What I would say is that with an average rebate of almost \$3,500, I think when the word starts getting out about that, that's something - no matter who you are, no matter what gender, no matter where you live in the province - that's a meaningful rebate on your income taxes. That's something everybody would love to have.

There's no question that historically, when you think of the skilled trades, there have definitely been more men. But we can't change history. At the end of the day, people have to choose trades. All kinds of factors are going to go into that. The MOST program is only maybe one small element in motivating somebody to choose a career in the trades. They are well-paying jobs nowadays. A lot of people I went to school with have done well for themselves in the trades - we all know people.

I think people other than men are seeing the benefit. I have a niece who went to NSCC carpentry. She's a creative person into music. We were kind of surprised she's interested in carpentry. Turns out she's pretty good at it. I'm glad she saw herself in that. That's ultimately what people need to see. They need to see something for themselves. My sincere hope is that if MOST can play a role in encouraging people - no matter what their background - to consider getting into a skilled trade or other occupation where there's demand for it so they can have a good career and make a good living, I would be very happy. But its focus, as it was put out, was on people under the age of 30.

Will it be expanded to other areas? I think that's something we will always look at. I'm certainly open to that.

LISA LACHANCE: I'm wondering if the minister could talk a bit about what the plan is for the MOST program as income tax brackets get indexed - how to keep up the incentive that the minister feels MOST has.

ALLAN MACMASTER: I would say it's not really impacted by indexing tax brackets. Maybe somebody will come up with an argument that it needs to change, but it's still going to be a rebate that is capped at a certain amount. If tax brackets are indexed, which they will be starting in 2025, people may have a lower income tax bill, but they will still be able to collect the same rebate based on the taxes that they owe.

LISA LACHANCE: In the Fall, the minister indicated he would be open to looking at whether or not a seniors income benefit could be implemented in Nova Scotia. I'm wondering if the minister has an update on this. Has the minister worked with CRA to determine what that would look like in terms of rolling it out? Has a jurisdictional scan been completed to look at the eight other jurisdictions in Canada that have this type of benefit that provides funding automatically to seniors based on their income tax return?

ALLAN MACMASTER: I remember the day I had the scrum on that. I saw the stories that reported that. I didn't feel like what was reported, in a rare instance, was what I said, but I also wasn't able to go back and look at what I said.

All to say that we did something new as a government with the Seniors Care Grant - something that was never done before - and it was to help seniors in their homes. That is something new. It's something that has been well-received by Nova Scotians. My constituency office has helped many of my constituents access that level of support. To the member's question, no, I have not done any further work because it's not something I felt and certainly didn't intend to commit to at the time. Not having the ability to go back and look at the actual language, it's not something I intended to communicate, I will say that, at the time.

LISA LACHANCE: There were certainly a lot of challenges with this year's seniors benefit in terms of it creating a huge amount of work for seniors themselves. I know we were all in our constituency offices flooded with requests for help and access. Although the number of applicants was expected, it wasn't actually anticipated, thus there was a long lag time for a lot of seniors to access the funding.

I guess from our perspective, the program is important to support seniors but there are probably better ways to do it. Is the minister going to look at any other options for supporting seniors?

ALLAN MACMASTER: This question is not really finance-related but, because I have such capable people here with me today, I can offer the member that the delay was due to a software issue that, I believe, they are working to fix. That would fall under Service Nova Scotia.

[5:15 p.m.]

The program itself falls under the Department of Seniors and Long-term Care. The Seniors Care Grant payments are not automatic because they are not based solely on age or income status. There's also only one per household. If you have a senior couple living together, they can only get one payment per household. I hope that information is helpful to the member to answer her question.

LISA LACHANCE: That's helpful to know that there's no work being done to look at other opinions. What I would say is that if you have a program that you've introduced, whether you feel it's working or not, what you actually need to do is do some program evaluation, look at what other jurisdictions are doing, and undertake continuous review.

Related to that, actually, is this minister's refusal to consider changes to the Finance Act to address additional appropriations. I understand - just to pre-empt some of the conversations - absolutely, it was an NDP government in 2010 that introduced the changes to the Finance Act. Those changes in 2010 were long overdue. It's been 14 years. Particularly, a key part of how government manages, I think that legislation should be reviewed on a schedule, on a fairly continuous basis, that there should be ongoing analyses.

We have an Auditor General who said twice that this is not appropriate. You can review the Auditor General's report that indicates we're out in the wilderness in terms of Canadian jurisdictions and how this is handled.

I'm wondering if the minister can tell me one reason why he would not consider updates to the Finance Act to address additional appropriations.

ALLAN MACMASTER: Because you can't have it both ways. The NDP did bring in the policy. I never had a problem with it. I was the Finance critic at the time, so I feel I have integrity on this issue. It was good for the NDP, because they brought it in and used it during their time in office, and it was good for the Liberals who were in office for eight years, but suddenly it's not good anymore for the NDP and the Liberals because the PCs are in office? You can't have it both ways. Either this policy change back in 2010 was okay or it wasn't. It was certainly okay for the NDP at the time. They brought it in. It was okay for the Liberal Party. They used the same rules when they were in. We're using the same rules, and I didn't have a problem with it when I was in Opposition.

You know something else? Personally, I didn't file one FOIPOP request in my entire time in the Legislature. Do you know why? Because I believe most of the information is already out there with the public anyway. Most of the information that needs to be debated, I would say that pretty well all of it is out there. It's already out there, and much like the spending, it's not a secret. We go across the street here and we have the media there, we invite the Opposition, and we lay out what we're doing. You can criticize it in the moment, you can debate it in the moment, you can run over to a microphone and a

camera and say “This is awful” but none of the things we’ve been spending the money on, I think, were seen as awful. They’re health care, housing, affordability, extreme weather events. Those are the big things.

This is the budget we’re working on now. Budgets are estimates. That’s all they can be. We don’t know for sure every dollar we’re going to get from all the sources. We could never know that. Nobody ever knows that. We make our best estimate. When it comes to revenues, we get all of the big Canadian banks to weigh in, Atlantic Canadian academic institutions to weigh in on our assumptions. We even run them by the Auditor General’s Office. We don’t know that there is going to be a Hurricane Fiona in the middle of the year, you know?

When we took office, we were starting to see signs of it, I think, in certain parts of the province - probably here in HRM - with housing. But I wasn’t seeing housing issues before we came to office in my constituency in Inverness. I mean, they were there, there’s no question, but people would contact our office and before too long we would help get them placed with housing. You don’t know the future, so the budget is an estimate.

Additional appropriations - we’re following the exact same rules as the NDP and the Liberals. It’s a very transparent process. We’re open to being held to account on it. As I mentioned earlier, we changed back the rules on the Public Accounts Committee because we welcome being held accountable. We want the Opposition to have everything at the Public Accounts Committee that they had, and should have, based on the rules of the Legislature, to hold the government to account. We welcome that. We’re following the same rules.

LISA LACHANCE: There are a few things to sort of unpack there. First of all, I appreciate the minister sharing his views on why he did or didn’t use FOIPOP, but I don’t know if that’s meant to shame media, stakeholders, citizens, or members of the Opposition for using FOIPOP, but that is actually not what we are here to discuss, as far as I can tell. We’ve talked about this before in the House, in terms of how the practice of public administration - in Canada in particular, but actually worldwide - has evolved over time. As governments started offering services, sometimes they realized it worked really well, and sometimes it didn’t.

We have a whole budget process. We should have a whole expenditure management system that’s underpinned by policies and processes to ensure transparency and accountability. Part of that is that in a democratic system where a number of people have been elected to the Legislature, some of whom formed government, some of whom don’t, but also were elected fairly and justly in their ridings, have a chance to come together and look at the actions. For governments, a lot of actions actually are expenditures, of course.

I really stand by what I said. There is no reason why we shouldn’t be reviewing key Acts that underpin the management of government every five years. If, in the 14 years since

the updates were passed, we have found ourselves both out of step with other jurisdictions, as well as reminded by our Auditor General, then I guess I just don't see why you would dig your heels in.

The other question is the actual proportion. In 2013, the additional appropriations totaled 4.2 per cent of the overall budget. In 2022-23, they totalled 10.6 per cent. There are many other options.

I don't think anyone was lucky enough to hear my story about the International Assistance Envelope management within the federal government. For instance, within that there's a crisis pool. That crisis pool was established because of things like tsunamis and other humanitarian crises that are, like a hurricane, unpredictable. That crisis pool was created as a reserve of money that affected departments and ministers could access rapidly to be able to be part of a rapid response to, essentially, death and destruction. There was still a reporting process. There was still an accountability to Parliament that followed that.

What we're talking about is what other jurisdictions do in terms of being able to both respond overnight to what people need in their provinces and territories but also respect the fact that they are actually a democratic government.

When you look at the Auditor General's report, so much of the money has no backing behind it. They only looked at 11 examples and couldn't find the paperwork behind the majority of those. I'm trying to look for the number, but there's almost \$500 million that remains unspent. These were not emergency expenditures. It hasn't even been spent now. One hundred million dollars-plus was sent to educational institutions to build buildings and start programs in March of a year. That doesn't get spent then.

I guess I'm wondering: Does the minister stand behind the \$100 million-plus that was sent to educational institutions last year, which remains largely unspent, as necessary to circumvent the legislative process?

ALLAN MACMASTER: The expenditure of these dollars doesn't end at that point, as the member would suggest.

I think about the Cape Breton medical school. I think about all the people who I've known over the years who tried to get into medical school in this province and couldn't get in - not because they couldn't become good doctors, but for whatever reason, they couldn't get in. Some of them have since become good doctors, great doctors.

They had to go to school in the Caribbean and other parts of the world. They had to do their practicums in the United States. Only for their love of Nova Scotia and their desire to come back here are we lucky enough to have them today. I think that it's fair to say that their province wasn't there for them when they wanted to become a doctor in Nova Scotia. The medical school at CBU can change that. It's an institution in the province that can now

educate Nova Scotians who want to become doctors. I think that's a wonderful thing and I'll definitely stand behind that. Was it an emergency expenditure? No, but the state of the health care system and fixing it - a lot of people would tell you that's an emergency. Go ahead. Get on with it. Fix it.

When we came into government, people were feeling a lot of stress. People who were working in that health care system were feeling very overwhelmed. We need more doctors. You'll remember the campaign commitment of a doctor for every Nova Scotian. That's been going on for years - the need for more doctors and the need for more medical. Now, as a growing province, the demand for that is even greater.

[5:30 p.m.]

Maybe we do things differently in Nova Scotia. I know we have a Law Amendments Committee that other provinces don't have, where we bring people in off the street to comment on bills. I know the way we do our revenue projections in this province is different from other provinces. I think it has even more scrutiny.

The question of additional appropriations - a government is elected to act. Not everything the government does is done through the Legislature. Many things are done through regulation by Executive Council. That's one of the branches of government, along with the judiciary and the Legislature. It was the NDP that empowered the government to do additional appropriations in 2010. It was democratically done. It was done in the Legislature. It was accepted in the Legislature, as I recall. I didn't vote against it.

To suggest the Legislature is being circumvented - I disagree. That was a bill that went through the Legislature in 2010 by the NDP. It must have been supported by the Liberals because they used it for eight years. We're using the same rules. We're following the legislation, and we're accountable to the Legislature through that legislation. The forecast updates that we provide - that I spoke about before, where we invite the Opposition and invite the media - are required under legislation. We're following the legislation.

We could have debates over these additional appropriations, but by the time we'd have them, they've already been made. The expenditures have been made. Government must act when there's a Hurricane Fiona. If government wants to fix the health care system, should we not act if we have the money to move ahead more quickly? Can you imagine the criticism we would have from the same members of the Legislature who criticize us for spending if we didn't spend the money, and we sat on it and tabled massive surpluses at a time when the health care system needs investment? Imagine the criticism.

If we have the money, we want to spend it to help Nova Scotians. With these additional appropriations, as I've said, we focused on health care, housing, and extreme weather events and response to them to help Nova Scotians. We know about the fires that happened, Hurricane Fiona, and the floods. Health care, housing, affordability supports,

extreme weather - those are all things we hear the Opposition asking us to spend on in the Legislature. You can't have it both ways.

We are the government. We are following the legislation. We are accountable at the Public Accounts Committee, which we restored the power of for the benefit of the Opposition. We are accountable every time we do a forecast update. We are following the same rules as the previous two governments. We're doing something different than the last government by restoring power to the Public Accounts Committee to give the Opposition the power to look at issues other than Auditor General reports, which can be any issues.

LISA LACHANCE: I agree that, from the moment I stepped onto the doorstep as a candidate, people talked to me about their concerns, their deep fears, and their deep worries about the health system. New parents who are concerned that they're managing their children's first vaccines through drop-in clinics or through the clinic for unattached newborns that exists in Halifax. They don't have anyone following the development of their children beyond that. There are folks who are concerned about their aging parents and if they can get access to the health care they need.

In my riding, lots of health care professionals - specialists and others - have confessed many of their fears of working in a system that is crumbling, and that they are not able to provide the timely health care they want to be able to provide. I've talked with a two-doctor family from elsewhere in the country - for confidentiality, I won't name the other province - who had come for a year, hoping to settle, and ethically didn't feel they could work in this health care system.

Does the health care system need help? Absolutely. Those fears haven't changed. I hear the same concerns on the doorstep.

I'm going to focus on the \$432.7 million that the Auditor General had a look at. There were some investments for the long term in the development of some health programs at universities. Otherwise, there was a lot of money given out to EfficiencyOne, Screen Nova Scotia, and Horticulture Nova Scotia. All these organizations are critical to the success of our province. I'm not arguing that at all. What I am saying is that none of these - the 11 that were sampled, and it would be interesting if the Auditor General could go back and sample all the additional appropriations - none of these were urgent.

In fact, EfficiencyOne was provided \$50 million in 2022 and - I don't have all my numbers right in front of me, but they had not spent that. They spent less than half of that. Then they were given an additional \$140 million in year-end 2023. As of December 2023, they had only spent \$8 million from the \$140 million, and they had only spent \$22.1 million from 2022 funding of \$50 million.

If we're talking about immediate health care needs, there are other ways that the money could have been invested. Honestly, that is the role of the Legislature. You have

formed government because you won more seats in that room than we did, but it's still a democracy, and we still have a right to listen to what our constituents say and bring it to the floor of the Legislature.

Like I've said a million times, yes, it was an NDP government that brought in the Finance Act. I think it needs to be revised. The Auditor General thinks it needs to be revised. Other provinces and territories have also had a look at their procedures and increased accountability and transparency.

When I look at the expenditures and then the money that remains unspent - it's just sitting there. In many cases, there was such a lack of any sort of controls in place. I hope we've all read the Auditor General's report. That was 11. That was only \$432 million of the last two years of over \$2 billion in additional appropriations.

Maybe the minister could tell us where he would see that this was restricting. How does handing out \$59 million to the CBU in March 2023 - none of it is going to be spent in the fiscal year that ends on March 31st - what was the rationale? Why would it have hurt, and what would it have stopped to include it in the budget that started April 1, 2023?

ALLAN MACMASTER: The question and the preamble would suggest this money is gone and there are no other controls over it. In fact, ministries that would be responsible for these organizations - there would be contracts and other measures in place. A lot of these organizations are very reputable. The first one is EfficiencyOne. They have been in business for a number of years in the province helping people with the cost of living associated with heating their homes, the cost of electricity in their homes, lighting, and so on. They have programs up on their website. They're accessible for people. People know the rules. That's an example of an investment that government has a line of sight on and knows that there's going to be a need for that, and it's empowering them to continue that work.

People can say, "Well, you've given them money. If they don't spend it all right away, they get the benefit of being able to hold the cash and maybe generate returns on it." Again, we have ability to require that any earnings they would make on that money are put towards the programs in question. If we can help organizations advance the cause of addressing energy poverty, for instance, to help an academic institution in the province - as in the case of CBU - start a medical school, we don't just say, "Oh, you're going to start that. Go ahead. Hope you do well with it." We're going to be involved in that every step of the way.

I'm sure CBU will have other needs from the Province in the future, as all these academic institutions have. They're going to want to make sure that any investments the Province is making are good investments because they want good relations with the Province, whoever is in government. There's a mutual interest. These organizations are interested in the people they're serving, and they're the same people we're serving.

LISA LACHANCE: I think what the minister outlines in terms of having contracts in place, conflict of interest clauses, and all the good things that you would do as a business if you were providing money to a contractor, you'd want to know what services were going to be provided on what timeline for what money. You would put in place the types of guidelines that help ensure that you are going to get what you've paid money for on the schedule that you've paid money for.

In government, that necessity to ensure that you have, in fact, done the due diligence is only heightened. I would just suggest that with only 11 examples out of many, that due diligence wasn't consistently undertaken. For instance, you mentioned the assignment of interest earned clause, which was actually present in only four of the 11 that were examined. In the other ones, in fact, there is no assignment of interest clause contained.

[5:45 p.m.]

Let's pick a different example. For instance, the funding that was provided to St. Francis Xavier University and Saint Mary's University in 2023 - \$37.4 million and \$25 million respectively - there's no assignment of interest earned clause in place. Can the minister explain what's going to happen with the interest?

ALLAN MACMASTER: One thing we agreed with in the Auditor General's report is that we have an ability to improve controls. It's not that there are no controls at present. We have regular communication with these organizations, and we have an ability to make requests of them and to share our expectations. We believe there is mutual interest with these organizations to ensure they're generating good value for the initiatives we're entrusting them with.

We did agree with the Auditor General that we can do work to improve some controls in that area. We would also say government still has a lot of ability in working with the organizations, many of which are well known to government. We've been working with them for years to ensure that what they're carrying out brings good value at the end of the day.

LISA LACHANCE: Can the minister specify which controls are being updated or more consistently implemented?

ALLAN MACMASTER: Specifically, around the grants management policy, two items would be ensuring it has clearly outlined the conflicts of interest requirements to ensure there are no conflicts of interest when these organizations are utilizing funds that we are providing to them. Also, if they have amounts held in cash that are destined to be used to help Nova Scotians, and if they can generate earnings on them, like interest, we would require them to use any income generated for the purposes of the initiative we've entrusted them to carry out on the government's behalf for the benefit of Nova Scotians.

LISA LACHANCE: Will the minister reach out to partners where this is lacking to request the negotiation of an addendum to MOUs or contracts that would, in fact, add the conflict of interest requirement, as well as any unused interest?

ALLAN MACMASTER: That would be the responsibility of the departments most closely aligned with the initiatives. However, our department would certainly work with them to improve that.

LISA LACHANCE: Will the minister or has the minister proposed this to Cabinet?

ALLAN MACMASTER: I'm sworn to an oath of Cabinet confidentiality, but I think the important answer to what the member is getting at is: Are we going to work towards controls? Yes, we've agreed with the Auditor General that there are some improvements that can be made here, and we intend to make them.

LISA LACHANCE: I appreciate that, of course, the proceedings of Cabinet cannot be revealed. But I am hopeful that the minister would demonstrate leadership in his responsibility for the fiscal well-being of the province to suggest that, of the current spending on local government and what has been spent, there be some retroactive work to make sure that, going forward, these contracts - which will take years to spend down - are, in fact, updated.

The Better Pay Cheque Guarantee - will the minister indicate if it has been abandoned?

ALLAN MACMASTER: I think the Premier made some significant comments on that earlier this year, and the member would be correct.

LISA LACHANCE: In terms of the question of additional appropriations, were any alternatives provided to the minister for consideration?

ALLAN MACMASTER: I'd like the member to clarify the question. Recommendations from whom?

LISA LACHANCE: In a Fall Public Accounts Committee meeting, the department stated the following: "We have carefully considered this matter and believe the system in place is transparent and accountable to the public and the Legislature." At this meeting, the minister's own position and comfort level with the current process was referenced.

I'm wondering: From the Department of Finance and Treasury Board, were alternatives presented to the minister?

ALLAN MACMASTER: It's really a decision of the Legislature, and I think the department respects that. The practice is one that I think everybody has grown accustomed to in this province since 2010. I think that would be my answer to that question.

LISA LACHANCE: I am thrilled to hear the minister say that the Legislature is responsible for that. Will the minister table amendments to the Finance Act regarding this, since they've been asked for by members of the Opposition?

ALLAN MACMASTER: I think I can say comfortably that the department is comfortable with the current process, the current legislation around additional appropriations. That would be my answer. There was no effort by the department to say, This is a really bad process, you guys should really change it.

This is a process that has been in place since 2010, which has really received no complaint until very recently. It was used by both the NDP, who brought it in, and the Liberal Party, for eight years until we came to office. No one in the department was telling me that I should change this because it's bad. They recognized it as a decision of the Legislature and a process that they've become very accustomed to because it's been like this since 2010.

LISA LACHANCE: I think a couple of things, and I think I already mentioned this, but the actual percentage of the overall budget has increased significantly under this budget that's being spent in additional appropriations. I believe that, following the introduction of the revised Finance Act in 2010, under the NDP government there was an additional appropriation of \$53 million, and \$60 million I believe in the last two years of the mandate, which is quite different from \$1.6 billion - inflation and all.

Does the minister think that there should be a cap on how much of the budget could be disbursed in additional appropriations?

ALLAN MACMASTER: We're using the same rules, the same legislation that the NDP brought in in 2010, and the same legislation that was followed by the previous Liberal government. It's the exact same rules. We're not doing anything different. The expenditures we've been making under additional appropriations, through the process the NDP put in, are very transparent. We have quarterly forecast updates where we have to explain, if we are making additional appropriations, where that money is going and why.

The system, we feel, is accountable to the public. There are some people who watch Legislative Television - and I think they do a great job producing what you're seeing here today - but a lot of Nova Scotians get their news on the radio, newspapers, on the internet, television. These forecast updates are produced through those media. People get to hear about it. The Opposition gets to give their opinion on it, right in the moment of those quarterly forecast updates.

I believe that the policy that was put in place in 2010, which is the same - we're following the same rules that the last two governments were following, and it's a decision of the Legislature. It's never been an issue for the Opposition when they were in government. Suddenly it's an issue for them now. We're following the same rules. We feel we're being accountable. We've increased accountability by restoring the Public Accounts Committee rules, which is a significant tool of the Opposition that we believe they should have - to hold the government accountable - because we welcome being held accountable.

LISA LACHANCE: Okay. Well, just to revisit this, I think that if you are being told better - that your policies aren't working, so you know there's a problem reflected by the Auditor General and others, and we're out of sync with the rest of the country - then we should do better and we should amend the Finance Act to make sure we're doing the most we can do in terms of accountability and transparency.

THE CHAIR: Order. The allotted time for the New Democratic Party has expired. We will take a short five-minute recess before we move on to the Liberal caucus.

[5:57 p.m. The committee recessed.]

[6:03 p.m. The committee reconvened.]

THE CHAIR: Order. We will now resume.

The honourable member for Kings South.

HON. KEITH IRVING: I just wanted to make a couple of comments with respect to the minister's approach to additional appropriations. I think what the minister fails to recognize is that although it has been used since 2010, what has changed is the scale at which this government has decided to use additional appropriations. What has motivated both Opposition parties with respect to calling for a revision to how additional appropriations are utilized is that the Auditor General, for the first time in 14 years, has raised this and raised it several times, given the unusual and excessive spending of this government. To hide behind some history of 2010 with respect to the - what I would say - reckless spending by this government with utilizing additional appropriations, I think is frankly unacceptable. The Auditor General, I'm sure, will continue to call on this government to act in a more fiscally responsible way.

We're going to have to agree to disagree, Minister, because you seem to feel that additional appropriations that are reported after the fact - after the money is spent and it is a fait accompli - that it's suitable accountability to appear for half an hour in a fiscal update, give the Opposition no time to analyze the additional appropriations and the spending, and give the Opposition moments to make their points with the press, which you alluded to. We can go in front of the cameras with absolutely little time to analyze or question government on the decisions that have been made with the money out the door.

I just wanted to put that on the record with respect to why Opposition and the Auditor General are calling on this government to end this practice, which is highly unusual. As has been indicated throughout the country, nothing like this happens. It is serious when you see the actions of the government with respect to the Auditor General report, which we'll probably talk a little bit about later in terms of the value for money for overspending of the budget.

With that, I'd like to go back to where we left off. Minister, on the Halifax Infirmary expansion project, you indicated in your final comments that we were going to market with that project. I'm very happy to hear that. I would like the minister to confirm that they are going to be tendering this project, as opposed to sole-sourcing it with the remaining proponent from the P3 tender that was handed over to this government some two and a half years ago, and lost the one bidder you were working with - the remaining proponent, Plenary PCL Health. You're now indicating that we're going to market. I think that's a very, very important change. I would like the minister to confirm that they are now going to be tendering the total project, or aspects of the project, in a competitive tendering process.

ALLAN MACMASTER: That question doesn't fall under my portfolio, but I would encourage the member to ask that question during the Health and Wellness Estimates to that minister to get an answer.

KEITH IRVING: Last year, when I approached the minister responsible to try to gain some information on these projects, he referred me to the Minister of Finance and Treasury Board. You clearly will not reveal a number, but you've told me you're going to market. That seems to indicate that you're under the impression that we're tendering, but you're not willing to confirm that here.

ALLAN MACMASTER: The member should know that ministers answer questions pertaining to the Estimates for their department, and this initiative does not fall under my department. I did provide an answer earlier because he was questioning where it was showing up in the capital plan, which I am responsible for. But if he's asking questions about procurement of health care facilities, he needs to ask the minister responsible for that. I think he still has the opportunity to do that, because I believe the Estimates for Health and Wellness are occurring concurrently with our proceedings here in the Red Room. I'm sure they'll last more than a day, so he should have the opportunity to ask the minister responsible, the Minister of Health and Wellness, to get the government's answer to his question. We'll have no problem providing the answer, but it needs to be provided by the minister responsible to ensure that the member has the most accurate and up-to-date answer he can have.

KEITH IRVING: I'm not certain I'm going to have an opportunity, based on what I understand is going on in the other room and the concurrent work that's going on here in subcommittee.

You are responsible for the capital plan. We have determined that the Halifax Infirmary expansion project is not in the fiscal four-year capital plan, except for planning and design work. There are a number of other projects the government has announced. Is the new emergency room at the Dartmouth General Hospital in the four-year fiscal plan?

ALLAN MACMASTER: I would encourage the member - I would refer him to the Minister of Health and Wellness for his question. If he can't be in the other room, maybe a colleague of his can ask the question while Health and Wellness is up in the main Chamber - to get an answer to that question.

KEITH IRVING: Again, I repeat, during the last attempt I made asking the minister responsible, I was referred to the Minister of Finance and Treasury Board.

Here are the projects I'm interested in knowing whether they are in the capital plan: Dartmouth General Hospital's new emergency room; the Cobequid Community Health Centre expansion; Bayers Lake transition care - I think that's on hold, but I'm not certain; the mental health and addictions facility in Dartmouth; the heart centre; and the Nova Scotia Rehabilitation & Arthritis Centre. All these were announced 15 months ago. I'm wondering whether there has been any planning in 15 months that gives you visibility on putting these six health projects into the fiscal plan.

ALLAN MACMASTER: I'm not sure who the member is referring to, but I know he's referring to somebody. The Minister of Health and Wellness is responsible for this. She would be the best person to ask the question to. I'm not sure what has happened in the past when you have been referred to the Minister of Finance and Treasury Board on this. I can't be held responsible for who referred you and when. What I would say is that this file is managed by the Minister of Health and Wellness, and if you're asking detailed questions about it, the Minister of Health and Wellness is the person to answer those detailed questions.

KEITH IRVING: Just for clarification, I asked the minister responsible for health care development a year ago - asked a very similar question - and got no response from him. Their staff referred me to you, Minister, because you are responsible for the fiscal plan. What I'm hearing is that you are unable to tell me whether those six projects are in your fiscal plan that you've presented in the budget documents here. At this point, I'm going to say, based on the minister responsible for the four-year fiscal plan, that these six facilities are not in that. You don't have the knowledge that they're in there. I have to move forward with that.

Let's move on, then. The new long-term care projects - you referenced building or replacing 2,500 long-term care beds. Will these projects be tendered? Are you aware?

ALLAN MACMASTER: Chair, I assure the member I'm not trying to evade questions here. The Minister of Finance and Treasury Board is responsible for - I guess

you could say - everything that has a dollar symbol attached to it, but the reality in this case is that this would be falling under the Department of Seniors and Long-term Care. What's in the capital plan is evident. It's released as part of the budget. It was released before the budget was tabled in the House. Even amongst my staff here today, who are very capable people, as you know - if you didn't think I was capable, I'm sure you'd at least think they were. We don't have that level of detail for you today at the Department of Finance and Treasury Board.

[6:15 p.m.]

If you're asking questions around procurement, there's another minister responsible for that. I can tell you that around health care procurement, for the Halifax Infirmary as an example, that would be the Minister of Health and Wellness. If you're asking about nursing home beds, that's all handled by the Minister of Seniors and Long-term Care.

It's not that I don't want to answer questions. I'm just not in the position to have the most detailed information with me to answer them here during Budget Estimates. I'm responsible for the Department of Finance and Treasury Board. Those items aren't line items in the Department of Finance and Treasury Board's budget. They might be, in the grand scheme of the entire provincial budget, yes, but they don't fall under the Department of Finance and Treasury Board as a line item.

When we're looking at the Estimates, I'm here to answer questions on all those line items. I won't be like a former minister - I guess I can say his name because I was critic at the time. When Graham Steele was minister, he came in and said, "I'm only answering questions that are related to these items" and he proceeded to provide a list. I'm not going to be that restrictive, but what I will say is that if there's something that goes beyond our department's responsibilities - a line item for the department - I would refer your question to be asked to the minister most closely connected to those files, because that's going to get you the answer that you're looking for.

KEITH IRVING: I have to say, Minister, I am confused by the response. I am aware that the department is reluctant to put numbers into the fiscal plan until they have some hard estimates. That may be explaining why they are not in the fiscal plan. I guess I'm going to have to leave it at that. Clearly, there are hundreds of millions of dollars of announcements with respect to the long-term care projects, and most recently, the 212 units of public housing that I understand the minister has stated will be completed within this next four-year fiscal plan. I'm looking to know and understand if they are included in the fiscal plan. You have indicated you may have some more information.

ALLAN MACMASTER: On Page 16 of the capital plan - this is very high-level - there is a figure of just over \$275 million for the Halifax Infirmary expansion and the Cape Breton Regional Hospital. There is a \$33.2 million figure for the Bayers Lake outpatient

clinic. Page 16 of the capital plan - sorry, correction - it's Page 5 of the capital plan. I realize that's very high-level.

Again, if the member wants to ask specific questions about those developments, the minister to ask would be the Minister of Health and Wellness. If he's asking about nursing homes, the Minister of Seniors and Long-term Care would be the minister to ask. Health and Wellness is up in the main Chamber as we speak. Usually, Health and Wellness is up for 20 hours, I think, on average. It's certainly up to the Opposition how long they want Health and Wellness to be there. Seniors and Long-term Care has yet to appear for Estimates, but I would encourage the member to ask his questions to those ministers to get the answers he's looking for.

KEITH IRVING: Let's move around here a little bit. In terms of spending controls with respect to the budgets that have been set, I note the minister has indicated that, well, budgets are just estimates, and so things are going to change. But they're also a plan. They are an indication to Nova Scotians what the government is planning to do. I would argue that it is extremely important for government to spend prudently and wisely and plan their spending. It's important to bring that plan to the Legislature to show Nova Scotians what the thoughtful, prudent path is by the government, and to present those Estimates to Nova Scotians and to the members of the Legislature, that this is our plan for the next year.

This goes back to the concerns raised with additional appropriations. Clearly, \$1.7 billion two years ago was completely unplanned spending and is the reason we need to call into question whether the spending is prudent and responsible and projects have been thought through and are strategic. I know this government wants to move fast, fast, fast, fast - it's the title of the budget - but the Auditor General has clearly pointed out that there are significant pitfalls raised when a government does not present a budget and their fiscal plan for the year and stick to it. If, in the course of that year, they fall into some money, then you plan that expenditure and bring back in the next year how you are going to spend the additional funds that you've received.

Most provinces I've heard in terms of their budgets have been getting similar windfalls. New Brunswick just presented their budget today. I heard it was to be a balanced budget with additional spending on health care. They are clearly working within a normal fiscal framework with respect to budgeting.

One thing I noted in the budget that I'd like the minister to comment on is with respect to spending controls by the departments. We have actuals from last year indicating in this budget that not one department - not one department, except your own - came in within budget. I would like to suggest that a fiscally responsible, prudent government would have some expectation that each of their departments are operating within the budgets approved by this Legislature, approved by Cabinet.

To have not one single one come in in-budget, I think, is quite remarkable. I'm wondering if the minister has any concerns about how departments are managing their budgets.

ALLAN MACMASTER: I think what is notable is the significant increases in revenue that we were not expecting. But at every quarterly forecast update, we've updated the public on those revenue increases. We've also updated them on how we've spent those increases. Yes, if we knew the future we could have put those things in the budget back on Budget Day last year and the year before and so on, but it's the same reality every government faces, which is that you don't know for sure.

Many years, governments actually have to find savings to help try to address the fiscal situation they're in because the revenues come in less than budgeted for. There's no question we've benefited from extra revenues because the province is growing, but we're also experiencing pressures because the province is growing. We experience pressures because of the previous government's decisions around health care. Holding the line on spending may have helped in terms of fiscal interests, but did it help in the interests of people who needed care in the system? Did it help people waiting for nursing home beds?

We could debate this all day long, but I think nursing home beds is one of the finest examples. There was scarcely - I think there were a few beds announced near the end of that eight-year term. Prior to that, the last real nursing home beds that were announced in the province were going back to 2009. The province has grown by a lot more people since then. The demographics of the province - the province is aging. We have an older population in this province. The last government held the line on expenditure.

I remember the Minister of Health and Wellness talking about when she was working in a nursing home in Antigonish, how they held the line so much. I don't even think they gave inflationary increases to the nursing homes, so they had to find savings in their existing budgets to pay for the inflationary costs they had. That was hard. It was hard on people working in those nursing homes, and think about the people they were caring for.

I said it earlier - what put a face on that whole issue was bed sores, and how embarrassing was that for the government at the time? Just an awful story. I think what the member is asking is: Am I concerned that departments are spending more than their budgets have allocated? Well, if we have significantly more revenues and we have areas that we are comfortable as a government investing in - because we believe they are the priorities of Nova Scotians - that is the decision of the government. We are following these same rules that his own government followed just a couple of short years ago. I guess it's getting closer to three years now - two and a half plus years ago. The same rules. We're following the same rules they followed when it comes to additional appropriations.

As the Minister of Finance - I sit on the Treasury Board as well, and we make decisions every week at Treasury Board on expenditure. To see departments coming in over budget, if they've been investing in things that people need in this province and we have the capacity to do it, and we have the added strain of having more people to provide more services for, then yes, I'm okay as the Minister of Finance. I know that every quarterly forecast update that I stand over - and go before the cameras and before the Opposition to answer for - I have to be accountable for that because that's what the rules state. Those forecasts explain the deviations from what's put forth in the budget at the start of the year. We don't know exactly what's going to happen in the year. That's why there are deviations. Every government experiences it. We're no different.

[6:30 p.m.]

Those forecast updates provide the accountability and show the deviations from the budget. As circumstances change, more revenues - well, we have the priorities. There are things we would dearly love to spend on right now, but we don't have the money for it. If tomorrow the money comes in, what should we do? As a government, we believe we should act.

KEITH IRVING: I know you're making an argument to Nova Scotians that we need to invest in more health care. I'll give you that, but I'm seeing it in every department, whether it's a department of priority or not. The departments are over budget.

We've raised questions about all this spending in health care, and where the outcomes are, and it does raise the question of whether this money is being prudently spent. I know there are pressures in terms of growth, et cetera. We're getting a 2 per cent or 3 per cent increase in population, et cetera.

If we even look at the Nova Scotia Health Authority budget, you increased the budget last year by 21 per cent to \$2.3 billion. Clearly you were budgeting for increased utilization and population increase. You were budgeting for all your plans on the solutions for health care. Then the department came in - after a 21 per cent increase to their budget - with an additional 12.6 per cent increase to their actual spending. In 2022, \$1.9 billion went up to \$2.6 billion, and in this one we're at \$2.7 billion.

No one is arguing that we don't want money spent on health care, but when you see a difference with respect to increasing a budget by substantial - because it's your priority and because it's important to Nova Scotians - I get that. It's completely defensible to increase the budget by 21 per cent, but the Nova Scotia Health Authority then goes over budget by an additional 12 per cent.

The question I have is: How do we as Nova Scotians know there is any kind of rational thinking with respect to fulfilling your budget, and living within a budget, when you're given so much more money, but then you go exceedingly over budget, and health

care outcomes aren't being seen by Nova Scotians? It raises the question: Is money being wasted, even though it's your priority? I've said this before, and my wife never likes it. My wife is a deputy minister, and she has said numerous times that when you have a whole lot of new money, it's hard to spend it well.

Across all of government, every department is over budget. My question again: Is the minister concerned that there is no fiscal rigour within his government right across the board?

ALLAN MACMASTER: I would always be concerned that every dollar we spend achieves a good result for Nova Scotians.

When the member started speaking, he was talking about it not just being Health and Wellness, it's other departments. Take the issue of affordability. What has gripped people more than inflation and the cost of living the last couple years? There are a lot of departments that have a role to play in helping people with the cost of living. I think about the Department of Community Services, the Department of Service Nova Scotia's heat rebate, and the Department of Seniors and Long-term Care's Seniors Care Grant, which we increased at one point because of the state of things.

Yes, it's not just Health; it's other departments that are spending more too. Housing is another area where we've spent more than we expected. We're trying to respond to the fact that, in the case of housing, we need more rent supplements. We need to try to do some modular housing. We need to make investments in repairs to existing provincial housing stock and so on. We believe it's needed, and as a government we have the right to do that because we are accountable to Nova Scotians to act and to try to be responsive to their needs. Extreme weather events - you can't plan for those. I suppose you can put increases in Budget Estimates for possible storms, but you never know what's going to happen there.

There are cases where budgets have gone over, and most of them have, because we received revenues we weren't expecting and we had needs that we weren't expecting, and other needs that we were expecting but we just didn't feel we would have the resources at the time of putting the budget together to say we're going to spend it on this. When the money comes in and you have an ability to do that and you have - in the case of the health care system, yes, we want results.

The member is asking if the system is getting any better, essentially. We want results. That's why, if we have investments, if we have the revenues, and we have investments we can make today, we want to make them. The sooner the better. Everybody wants to improve the health care system. I think everybody does. I know people working in it do. We do. We hear calls from the Opposition to improve it. There are a lot of people we trust when we spend money in health care. We trust all those people who are working in the system to spend it wisely and to give us the advice that we need to say, "Yes, you're right. We should make that investment." I think about One Person One Record - a

significant investment. Kind of a scary investment from the size of the dollar amount, but at some point, you have to trust people who are giving advice and saying, “This can really help us.”

I think one of the refreshing things people in the health care system find about our government is that we’re willing to be open and take the steps necessary, to spend the money necessary to make a transformation. That’s what’s needed - a transformation in the health care system. Health care has gone up a lot. Well, a lot of health care is people. You can build all the buildings you want, but if you don’t have staff, you’re back to the old days of the previous government where the Minister of Seniors and Long-Term Care had 500 empty beds. Not because she didn’t have the beds; she had the beds. They were empty because she didn’t have the staff.

It costs more when you’re paying people more. We gave a significant raise to continuing care assistants because we have a shortage of them. I think about the seniors in long-term care - getting those nursing home beds staffed. We need to increase the number of people interested in working in that sector. To do that, we have to make it more attractive for them so they’ll come into it, and so those who are in it will stay in it. That costs money, but the result is maybe you don’t have people living in those homes with bedsores.

Maybe you’ve got 500 vacant beds where you’re paying four times the price for people who could be in those beds, if you had the staff to have them in those beds. You’re paying four times the price to keep them in hospital beds because they don’t have a nursing home bed to go to because there are no nurses at the nursing home, not enough of them.

Then you’ve got people waiting for a hip operation, whose quality of life is slipping away because they can’t get the operation. They might be waiting two or three years to get it because there’s no bed for them to recover in after the operation, because it’s taken up by somebody who should be in a nursing home bed. So you have all these inefficiencies.

As the Minister of Finance, I don’t just concern myself with the dollars; I concern myself with how those dollars are impacting people, and the efficiency of those dollars. My hope is that with these investments in health care, we can make a better health care system that is more efficient, that actually ends up saving money along the way because it’s being used more appropriately. I think the nursing home beds and acute beds are a perfect example of that. Nursing home beds cost a quarter as much. I hope we see improvements. That’s what the member said also. At the end of the day, that’s what matters, but we’re not going to see the improvement until we make the investment.

KEITH IRVING: I believe you stated that you wanted to ensure the money was being spent. I think we just need to point to the Auditor General’s reports to raise some questions and some concerns that I hope you will take to heart. So far, it seems you have dismissed the concerns the Auditor General has raised with respect to value for money on all the over-budget spending we just talked about.

I'd like to move to Page 8 and the chart on revenue and expenses with the four-year projections going out. Minister, are we creating a structural deficit, in your opinion?

ALLAN MACMASTER: Some of the independent opinions on our projections - none of the opinions have suggested that we are moving towards a structural deficit. You will see over time that expenses are stabilizing and coming more in line with revenues. Of course, those are the out years. We could see more revenue increases. We have decisions to make around expenses every day. As the Minister of Finance and Treasury Board, it is something that is important to me.

I'm pleased that we've run surpluses to this point. I think that one thing I share with the member is the importance of living within your means, but there are times when, in a growing province, investments have to be made. There are times in a province when a previous government did not make investments in health care that caused inefficiencies. They caused the acute care beds to be full of people who should be in nursing home beds, which could cost one-quarter of the price, as an example.

When you have a previous government that doesn't invest, then you are forced to invest if you want to fix the health care system. So no, I don't believe - nor do any of the independent organizations that have been looking at our budget suggest - that we are moving towards a structural deficit.

KEITH IRVING: What I am seeing here, based on your best estimates, is a structural deficit. You are increasing and have increased the civil service - the size of government - by 5 per cent. I'm sure some of that is needed, but the number of full-time equivalents is significant. They are not doctors and nurses - just so the public understands that - but it is the growth of the administration of government.

I do agree there are times when you need to invest, and I agree with the government investing in health care. There is the financial capacity right now to do that. Part of that is because the U.S. government created that financial capacity in lowering our debt-to-GDP ratio and allowing us the ability to borrow to rebuild the health care system. You are doing exactly what we would be doing. The concerns are with an attitude by this government of spending whatever it takes. It raises questions about whether money is being spent prudently - sole-source contracts and millions of dollars spent prematurely, according to the Auditor General. The concern - and perhaps the debt rating agencies or the folks you have been quoting have not gotten into the details here.

The concern that I am flagging for the government is that as we look at the long-term forecast, the growth of government, and the additional facilities being built, it raises a question of whether we have the eye on the ball with respect to getting back to balance and living within our means or are we creating a structural deficit that some government in the future is going to need? This tends to go in waves where a government spends like crazy, then a new government comes in and has to rein things in. Right now, all indications

are that we have a government spending like crazy. Yes, many of those things are needed. I agree with you, but what I'm arguing for here is some fiscal prudence, responsibility and oversight.

[6:45 p.m.]

I'm going to move on now to a question with respect to growing the top line of this province. Minister, Nova Scotia has the lowest productivity not only in the country but, if you look at all 50 states and all 10 provinces on the North American continent, Nova Scotia has the lowest productivity. Are you concerned about that? What is your government doing to address that?

ALLAN MACMASTER: Before answering the question on productivity, I just want to respond to a couple of comments the member made on the growth of FTEs. A significant component of that is in response to the remedy for people with disabilities because of the court decision and the requirement for the government to start moving people out of institutional settings for their care.

I would state that a significant component of the FTE increase is for that. That is a court decision we had to do. It's also something that I think a lot of advocates would say is the right thing to do. So yes, there is a cost to that. There is an FTE growth component to that. When I say FTE growth, I'm referring to the fact that there are more people now needed to be hired by the government to provide care that is not like the institutional care that people with disabilities have been living under - and some still are, as we know - until they switch to the new model. It might seem like spending like crazy to the member, but he also did say that some of it is needed. We won't debate that further.

In terms of productivity, we are not the lowest, but we are the second lowest. P.E.I. is the lowest. This is actually something we've discussed at the federal, provincial and territorial levels - the productivity in Canada and the need to increase the productivity levels for our country. It's not the fault of the people. Typically, it can be the level of investment that makes people more productive. One of the reasons why our productivity is measuring as it is actually has to do with the growth of our population. As labour has grown, our output has not grown with it yet. Labour is growing faster than output right now. My hope would be that over time, output will start to grow more quickly because we have more labour that is addressing some of the labour shortages we have. Population growth is driving this marker of productivity right now, and there's no question that we are the second-lowest in the country.

If you look at our GDP and our other fundamentals, they do measure as being strong. I don't want to create the picture for Nova Scotians to feel like, gee, you're in bad shape, your productivity measure is the second-lowest in the country. There are other measures that we should also look at that show us as being strong. We are doing things as a government to try to improve productivity, one being the Capital Investment Tax Credit.

Michelin's investment, as we know, will be a big one for our province. If a company like Michelin, which has operations all over the world, is choosing Nova Scotia, it gives me confidence to know that such an established company sees value in having their operations here.

One last comment I'll make is that P.E.I. is the lowest, but to confirm the issue of our labour force growing and our population growing as driving this productivity measure, P.E.I. has experienced one of the fastest-growing populations in the country. Again, it's the population growth that is likely driving this productivity measure. Productivity is output over labour. If labour grows, hopefully over time output will grow. If it does, then the measure of productivity - that statistic - becomes much better.

KEITH IRVING: That's helpful. I do appreciate the population argument. Still, we've got a long way to crawl out from number 61 in the country, and it brings me to my next question. I'm trying sneak two in here. We've got a huge amount of money coming into the province. I think the easiest way to explain my question is on Page 44, where you see the economic development types of departments: Agriculture, Economic Development, Fisheries and Aquaculture, Natural Resources and Renewables. They're either flat in funding as a percentage of the budget or going down.

I'm just wondering whether you, as the minister responsible for the overall fiscal health of the Province, have any thoughts that we should be increasing our support to those departments that are key in growing our economy in Nova Scotia. There will be a time in which we need to grow the top line. It's not going to magically continue to increase. My fear is neglecting economic growth and the funding of those departments to increase our agricultural sector, natural resources, and fisheries. Will the minister look at trying to increase that funding to those economic development growth departments to help with topline revenue?

ALLAN MACMASTER: As a percentage of the budget, some of those departments may not be growing, but you have to consider that we're spending 36 per cent more on health care than the previous government did - a massive increase to health care.

If you look at those departments by dollar amounts, they are all increasing. I think of one that would be important to the member's region of the province in the Valley: the Department of Agriculture. I know their budget has increased. We were able to do a lot of additional investment in that industry, as I recall, through additional appropriations.

Those investments are good investments. I have to thank my team of the Economics and Statistics division who help us with all our projections. They've noted and offered to me that Nova Scotia's productivity growth has outpaced the national average from 2012 to 2022. Over that period, Nova Scotia's business sector labour productivity grew by 14.36 per cent in total, while national productivity grew by only 11.85 per cent. Only Quebec and

Saskatchewan had faster productivity growth over that time. Our productivity may be low, but Nova Scotia businesses are showing that they can improve it.

The member's question is: Are we investing enough in departments that have an economic development component or mandate? If you look at it on a dollar-by-dollar basis, we are investing more. I know the Premier said in answering questions today in Question Period that he wants to grow the economy. We have the population coming in to grow the economy and improve the productivity. If we didn't have the people, we wouldn't be able to grow at all.

I think it's positive that we're seeing the population increases. They are part of the solution to some of the shortages we have, like in housing. Labour investments are critical. More Opportunity for Skilled Trades and any of the departments involved with economic development - any of them and all of them - would depend on skilled trades.

Health would certainly depend on the nurses who we're extending it to. The film industry is producing revenues that it likely wouldn't be producing if it wasn't getting the kind of support it is getting in the province. Those things are all driving revenues. Government expenditure itself helps to drive revenues because as government invests, you get some return on that. We are mindful of that as well.

KEITH IRVING: Minister, would you agree with the following statement with respect to bracket creep: In real, inflation-adjusted dollars, Nova Scotians, after they pay their taxes, will have no more money to spend?

ALLAN MACMASTER: I'm going to try to answer this question. The prices that people experience when they go to buy goods would be nominal prices. They would have inflation built into them, and so would people's income, presumably, because wages are often rising in inflationary environments because employers have to pay people more. There can be a delay in that, but if they're going to maintain their workforce, they have to respond as well in the marketplace. They're paying in nominal wages that would have inflation as a component of them.

I'm doing my best to understand the member's question. I've actually consulted with a staff person here. I hope that answers the question.

KEITH IRVING: I think I was trying to illustrate that bracket creep is not a tax break. It's the removal of a hidden tax increase. If I phrase it that way, do you agree?

ALLAN MACMASTER: What I would say is that bracket creep was something that a lot of people identified in the province. I think inflation was quite low for a number of years. There was very little increase in inflation, but things have changed. People know what inflation is now - not just the economists. The average person understands that things

cost more and they're going up. They're not getting necessarily any more for their dollar. Too many dollars chasing too few goods.

[7:00 p.m.]

One of the big issues coming into this budget and putting the budget together was the issue of bracket creep. A lot of people felt the government should index tax brackets so that as people move into the next highest tax bracket because their wages have risen, and maybe not because they got a raise - maybe they got a raise, but it was in response to inflation so they're not really getting a raise - that if they're not indexed they're going to have to pay a higher rate of tax on that marginal portion of that bracket they're moving into.

By getting rid of bracket creep - by indexing the tax brackets - I feel we've given tax relief to Nova Scotians, and it's tax relief that they've been asking for.

KEITH IRVING: I think we're going to have to agree to disagree. I'm agreeing with the Taxpayers Federation and the Fraser Institute that this is not a tax break, but the removal . . .

THE CHAIR: Order. The time for the Liberal caucus has expired. It is now time for the NDP with 42 minutes.

The honourable member for Cape Breton Centre-Whitney Pier.

KENDRA COOMBES: With the time allotted, we are going to give our time to the Independent member for questioning, with the provision that we give seven minutes to the minister for the resolutions.

THE CHAIR: I will recognize the honourable member for Cumberland North. There are 41 minutes and 25 seconds left, but the minister will need seven minutes to read his resolution. I will need half a minute as well. I will give you a five-minute or 10-minute reminder.

The honourable member for Cumberland North.

ELIZABETH SMITH-MCCROSSIN: I look forward to having some time with the Minister of Finance and the department officials. Most of my questions are going to be pertaining to Cumberland North, of course - the people I represent in that area of the province. I know the minister has heard me speak before. We do have very unique challenges, unique situations, and also unique opportunities in Cumberland County, as we border New Brunswick.

I did want to ask the minister, through the Chair, if he received the Cumberland North pre-budget submission that I had sent to him before the deadline for this session.

HON. ALLAN MACMASTER: I guess the total amount we received this year doesn't really matter, but I can tell you that the number of submissions we received was significant. We went through them all. It was about that thick. I can't pull that one out of my head, but I did read a lot of them individually. The binder was about four inches thick.

What we did was we coded them. We found similarities. We found themes. Three big themes were tax relief, namely indexing tax brackets; that we need to do more for housing, to increase the supply of housing; and that we need more health care workers. I think that's because Nova Scotians see that health care is people. If you don't have the health care, whether it's a doctor or what have you - I think that's why they specified health care workers.

If you want to expand on what was in that specific submission, I'd be happy to try to answer questions.

ELIZABETH SMITH-MCCROSSIN: We don't have time for that. (Laughs) I'll get through some of them, but the submission is pretty long. I do contact each department minister for the specific needs from that department. What I try to do each year, on behalf of the people I represent, is send something through to the Department of Finance and Treasury Board as well.

One of the reasons that I asked the question is I'm wondering: Is there any analysis done through the Department of Finance and Treasury Board to ensure that each constituency, that all people of Nova Scotia, receive a fair share of the provincial budget?

To follow up on that, specifically why I ask that question is because, as we know, I'm an independent, and there is sometimes a concern that money is being spent partisan. We all know there is a Conflict of Interest Act that ensures that money is not ever spent partisan. In fact, the Conflict of Interest Act clearly states that ministers must "make every effort to ensure their departments are not used for partisan political purposes." So I'm assuming that never happens.

When I was in Opposition from 2017 to 2021, it wasn't much, but Cumberland North received about 10 kilometres of paving each Summer. In the Summer of 2022, Cumberland North received zero kilometres of paving. So there is an assumption from the residents that there is partisan spending happening.

I'm wondering if the minister can share with us how the residents, and all Nova Scotians - because certainly there are other MLAs who sit in Opposition, and I'm sure their residents want to be assured as well that taxpayers' money is being spent fairly and in a non-partisan manner.

ALLAN MACMASTER: I guess you could ask every minister that question. Ultimately, every minister is responsible for their department and how it spends money. Certainly, they get approvals from Treasury Board to spend on projects, maybe specific projects.

Let's start with health care, one of the biggest budgets. I would say to Nova Scotians that nobody in this government would ever want somebody's health care to be compromised because another area of the province is being favoured. That would be awful. I think we all realize that there are people voting for the government everywhere in the province - not just where there may be an MLA who happens to be on the government side of the House.

I know people feel that way sometimes with the example you gave about paving. If you keep a secret (laughs), I'll tell you that the people of Inverness didn't get as much as they've gotten some years - since I've become the Minister of Finance and Treasury Board - which is hard for me because I'm supposed to be the one with all the money now. There are situations where things like that can work out. I know in my area, last year they had to move an asphalt plant because it was a bother to a community, and it was the right thing to do to move it. The unfortunate thing was that it was late in the year, and the paving didn't get done. It didn't just affect one project, it affected two.

There will be situations like that, but I would tell Nova Scotians that we are there for everybody. I think Allan J. MacEachen said this one time - because this is kind of a political question, so I'm going to give a bit of a political answer. Somebody said to him, You're just supporting the people who voted for you. He said everybody voted for us after this. In other words, the election is over; it doesn't matter anymore.

I can tell you that as the Minister of Communities, Culture, Tourism and Heritage, I think about programs where we've made additional investments to help people with generators. We've helped everybody we could, everybody who applied, so I would give that as another example to Nova Scotians. No matter where they're living in the province, we care about them. Yes, we can have disagreements in the Legislature with the MLA who's representing them. That's normal. That happens. That's the whole purpose of democracy. But at the end of the day, the investments we're making as a government - we're making them for everybody and for the benefit of everybody who lives in the province.

ELIZABETH SMITH-MCCROSSIN: It's a good question because I get it a lot. I will say that we do get a significant amount of money invested in Cumberland North, and I try to always share that with people so that they see the positive as well as the negative. But the road was very noticeable to have zero kilometres of paving. Also, there were three projects cancelled that year, and two of them were in Cumberland North - in the whole province. So it seemed to be not a coincidence.

My question was more: Is there any sort of framework or anything that the government has in place through the Department of Finance and Treasury Board to ensure that there is fair and equitable tax dollars being spent throughout the province? I'm going to tie in another question that is similar: Is there any sort of framework or analysis that the budget goes through, looking at a gender equity lens? This is becoming more around the globe. A lot of countries are making sure that they put their budget through this gender equity lens.

[7:15 p.m.]

I want to give an example where I think it would be beneficial - something for the department to look at - and that is birth control. The Province of British Columbia recently approved free contraception to the people of British Columbia. They're estimating it's going to cost \$119 million over three years. I was just in British Columbia visiting our third son, Joel - he's just started in the Navy - so we were there on the weekend. It looks like British Columbia's population is about five times Nova Scotia's, so we could make an assumption that a similar program may cost around \$23 million or so to Nova Scotia if we were to implement that.

Advocates for this say that for every dollar that is put into this, there is potentially a savings of \$11 in health care money. That is dealing with aftercare for unwanted pregnancies and abortions, and economic impact on people's mental health and the community's as well.

That's just one example of something that could be included in the budget that would be specifically looking at gender equity. I'm wondering if the minister could respond to that. Is there any sort of framework or analysis done to look at gender equity in the provincial budget for Nova Scotia?

ALLAN MACMASTER: I just want to back up to some of your earlier comments. I think it's common for governments to be in the situation where you get criticized for not spending, and there are all kinds of accusations that could be put forth as to why you're not. Those claims can be put forth however they're put forth. Governments can't really stop those claims from coming forth - suggestions on why, or you should have and you didn't, and "here's why I think you're not doing it well." Governments can't really respond to that any more than showing the evidence of expenditure.

In the case of health care, I think the significant one - I can't put my mind to it right now, but in a hospital in your area. I think that's a good example for people in your area, that despite the fact that maybe there's not a government MLA there, that doesn't mean that government is withholding investments in health care in that area. We can't stop that. When people make claims that this is why it's happening, we can't stop those claims from coming forward.

The other thing we see is that when we do spend money, people are quick to jump in and claim the credit. (Laughter) I'm laughing because I was reading the cover of the *Cape Breton Post* after budget day and our colleague, the member for Sydney-Membertou, was talking about the school lunch program, and how that was all their doing when they were in government and was so glad to see it happening. I can't control my emotions here.

This is what every government experiences. You get criticized for where you don't spend, and where you do spend, the same people can sometimes say, Well, we got that for you. You know? It's as old as I'm sure politics has been around.

I would say to the member to answer the question that every minister is responsible for their budget when it comes time to spending it. The budget process allots money - through Treasury Board gives permission for ministers to spend money on stated objectives. Obviously, the Minister of Finance and Treasury Board, in tabling the budget, has a significant role to play in putting the budget together. Departments make their pitches as to what they think is needed. There are things like utilization. They're almost things you don't even have a say in. If there's more demand for a certain measure, if you want to meet the demand, you have to increase the budget. Before you even consider doing things that might be considered new and that may very well be needed, you have to address things like utilization increases in what you already are doing.

I would say to the member that at the end of the day, people can judge for themselves. Is our government being fair in how money is being spent around the province? I would like to think it is, but at the end of the day, we have to leave that for people to decide for themselves.

We will certainly talk about it and explain where we're making the investments. We talked a lot about additional appropriations today. We certainly explain where those investments are being made every quarterly forecast update. Within the budget process, I know all ministers are conscious of having a lens of equity, diversity, and inclusion - EDI.

At the end of the day, I think that is the purpose of EDI - to just make sure that people are getting what they need to be getting and what they should be getting, no matter who they are. At the end of the day, we're all people and we all have needs. As a government, we want to ensure that people are able to access the services they need. If they're in situations where it's harder for them to speak up for themselves or to have something, we want to ensure that the government is being proactive and making it easier, or that it's taking the action to get them what they need before they even ask for it.

ELIZABETH SMITH-MCCROSSIN: I can say that a common theme for the people I represent in our area - and I often hear similarly from Cape Breton - is that there is absolutely a culture of feeling like they've been forgotten by the province. It's not just this government. It's been at least two decades - really maybe even closer to three. I would say that when the Cobequid Pass tolls were put in place, it really reinforced that feeling of

being isolated from the rest of the province. The common saying in our area is Nova Scotia ends at the tolls.

Even when I started my third small business - it was a local food business - and just from an economic standpoint, it was really difficult to get local food distributors to deliver to Cumberland. They stopped at the Masstown Market. A lot of our supply ended up coming from southern New Brunswick. It's just that they're our natural trading partners. I feel, as the elected representative, that it's wrong. We are part of Nova Scotia. We should be considered.

There has been a movement. There have been a few changes that we've been advocating for. The Minister of Agriculture finally put in an Agriculture office in Cumberland. We've seen some investment there. We've just seen an investment in Acadia University for a nursing program, which is great, but all of northern Nova Scotia has no registered nursing program - Truro, Pictou, Amherst. Looking at long-term planning and looking at the shortage of registered nurses, we don't see any future change there. Again, people say we've been forgotten.

In that spirit, one of the things that I talked about a little bit in Supply today was the issue around Maritime collaboration, realizing our economic potential. There's a whole history. There's so much writing on the history of the Maritimes, pre-Confederation - it's actually fascinating - and how the Maritimes really was the economic engine for what we now know as Canada. We've seen a significant decline since Confederation. A lot of people have different thoughts on that, but one of the things everyone agrees on is that interprovincial barriers are really holding us back. When you read the literature on it, Nova Scotia is considered to have one of the highest numbers of interprovincial barriers.

I'm wondering - because I believe this would greatly benefit the people of Cumberland County - whether the minister would consider a coalition with other Maritime premiers and finance ministers to really examine it and make a Maritime coalition a priority. In the past, they've even looked at Maritime unity. It's a little controversial, but a lot of experts on the economy do believe that if we worked together as a Maritime region instead of each province in isolation, we would all benefit. I do believe that would greatly benefit northern Nova Scotia as well. We end up getting punished over and over again because we're on the border. I'm wondering if the minister could respond to that.

ALLAN MACMASTER: Certainly. There's the Council of Atlantic Premiers that looks at trade barriers within the four Atlantic provinces. There are the Atlantic finance ministers. We get together, we talk about things, and try to work together. We have things like the Atlantic Lottery Corporation as a small example of where we collaborate. There are opportunities to do some of those things. If the member has issues, please raise them.

On behalf of the Premier, I went to Quebec City to attend a conference of premiers and governors of eastern Canada and the United States. I decided to drive because I have a

young family and I'm just trying to spend as much time as I can. If I can find an excuse to bring them with me, I'll do it, so we drove. I don't know how much of a trip it was because they were screaming the whole way there and back. It was exhausting, but we were together. Yes, we're making memories. (Laughter)

One of the things I noticed while driving up - I drove through your part of the province and into and across New Brunswick - you see on these borders, especially in the state of Maine, that it's so sparse and empty. You could tell logging activity was probably significant there at one time, but it has probably died out - fewer paper mills and so on. You start to see that in some of these border towns and areas.

When you think about Maine, it's in the United States but think of all those big centres and how far away it is. Think how close it is to us in Canada, and you can see that, wow, these people are kind of disconnected. I'm sensing that's probably how people in your area of the province feel when there's a nursing program, but the closest one might be at Acadia or at StFX, and it's a two-hour drive. Those are things we need to be cognizant of.

I know there have been issues in your area in the past with New Brunswick and Nova Scotia - even with restrictions during COVID - that were having economic impacts because there might have been discrepancies between the provinces.

I'm saying all that because you can see that border towns and border areas can sometimes feel disconnected. I can see that. If there are issues in the area, they can be brought forward and should be brought forward. I can't speak for the Premier, but I do think he has good relations with the other premiers, and I certainly have good relations with the finance ministers. We are always open to working together.

The Cobequid tolls is one thing our government has fixed. We got rid of it for Nova Scotians. On Cape Breton Island, "Down with the Causeway" has been around for a long time. You know what? I honestly think it has been used sometimes to galvanize people and to make people think. I know our government has made a lot of investments. I could distinguish beyond Cape Breton Island to the Cape Breton Regional Municipality. When you look at the NSCC, Cape Breton Regional Hospital, and of course Cape Breton University - the medical school and so on. It would be my hope that people are not feeling left out anywhere in the province.

ELIZABETH SMITH-MCCROSSIN: Definitely, that culture has not changed significantly. We have put in many hours, you and I - the minister and I - during the 17 months of the border restrictions and all the challenges that came with that.

I know the minister is aware of the economic impact and all the other impacts on our area. Yes, the Cobequid tolls were removed for Nova Scotia, but I think it still represents a physical barrier, and people still will refer to it. People are grateful, but you

know what I would love - I'll share this with the Minister of Finance and Treasury Board - is for an analysis to be done on how much it cost the people of Cumberland County specifically over the 26 years of those tolls being there. If someone had to go to Halifax for a medical appointment, they were paying those tolls.

[7:30 p.m.]

Yes, they could go through Wentworth, and many people did because they were stubborn. They will not pay those tolls. (Laughs) But many people did pay. It also had a dramatic impact on businesses: loggers, people in the forestry industry; fishing, hauling their lobsters to market. There are manufacturers taking product to the port, taking product to the airport over those 26 years, who paid tolls when other businesses in Nova Scotia did not have to.

I would love to see that amount of money be reinvested back into Cumberland. When you have a drought or a financial hardship for 25 or 30 years in an area, it makes a difference. During those years, we've also seen many of our youth leave the area. I think that's why we see the demographics that we do in Cumberland. We do have the highest number of people who identify as having a disability. We also have one of the highest rates of senior population. We love our seniors. I'm getting up there myself. But it means that you don't have that balance of the labour force. We have a lot of people living in poverty, Minister. It's very hard. One of the hardest things as an MLA is hearing from people who are really struggling, and they feel like people don't care. They need help.

I'm just sharing that with the minister so that when budget decisions are made and we look at our \$16 billion, Cumberland County is considered. I do believe that for at least two or three decades it hasn't gotten its fair share. I did want to highlight the fact that we do have high rates of disability and seniors who are struggling - struggling with things like the late fee for the Seniors' Pharmacare Program. They're working past 65, but then they're punished and having to pay the late fee. They're having to pay the co-pay.

One thing that I had advocated for on behalf of the people I represent is an increase in the basic personal tax exemption. I'm happy to see the indexing. I know when the minister was in Opposition, many of his colleagues had advocated for that as well. But we had also advocated for an increase in the basic personal tax exemption. We still do have the lowest in all of Canada, meaning our people pay income tax before anyone else in the country. According to the Fraser Institute, we are still paying the highest taxes in Canada. I believe, and many believe, that the basic personal tax exemption in Nova Scotia should be increased. I know that one of the arguments against it is that there's less tax money. But people who are making \$50,000 or less need to have more of their hard-earned money.

I do have another specific question that I believe will help families. Have the minister and the department closely considered income splitting? The minister might say that may be more of a federal issue, but I do believe the Province has a role here too. I'm

hearing from many families who feel they can either only afford to have one child or maybe no children, and some people want to stay home and raise their own children. They don't want to put their children in daycare and have a stranger raise their children, but they can't afford it.

Just last weekend I heard from a young family saying, "I want to stay home. I want to be with my child until they're five, but we can't afford it. We have to have two incomes." One of the tax measures that the government can take is they can implement income splitting so that people can take one income and split it. So yes, there's less tax revenue in it, but you have more people staying home, and some could argue that it helps with family unity and strengthens our society.

I'm wondering if the minister can comment on whether that is something his government would consider.

ALLAN MACMASTER: We are stuck with the federal rules around income tax, like income splitting. There is a spousal amount in Nova Scotia that you can claim, so there is some help. It's definitely an interesting topic - the case of a family that would choose to have one person working. They may be saving the province money in child care costs and so on. Maybe there should be some recognition for that.

I would say given that we are tied into the federal system for collection of tax, it would probably be an idea best explored at the federal level.

ELIZABETH SMITH-MCCROSSIN: I know I probably have only a minute left, so I'll just ask a quick question. In the next 12 months, would the minister consider increasing the basic personal tax exemption to be on a par with the rest of Canada - maybe an average? I know Alberta is high-end - it's around \$20,000 - but we're at the low end. Is that something the minister would consider?

ALLAN MACMASTER: I think income tax, and just tax relief in general, was a big part of the budget consultation. Certainly, the basic personal amount would be an area to focus on to help the people who would most benefit from income tax relief, so it's certainly something that interests me.

Again, as a government, we're balancing priorities and no mistake about it, our focus has been to fix the health care system. With this budget we were able to index tax brackets, which will be a cost that will grow to be significant over time. By the year 2028, it will be upwards of \$160 million of tax relief. We will definitely want to look at those things in the future. I know that they would be helpful, and are certainly something that, as Minister of Finance and Treasury Board, I would be looking at amongst everything else.

If you have another question, we probably have time for one more.

THE CHAIR: We have 55 seconds left.

ELIZABETH SMITH-MCCROSSIN: That's great, thank you. That will conclude my questions. Thank you, Minister, and thank you to everyone in the department.

THE CHAIR: Perfect. The honourable Minister of Finance and Treasury Board, for his closing statement and resolution.

ALLAN MACMASTER: I'd like to thank staff who have been with me here today for your help, and also for people who are - well, they're probably home right now, as they should be at this hour of the day, but everyone in the Department of Finance and Treasury Board and at the Department of Labour Relations for all the work they do.

I never realized all the work there is to labour relations. We have over 300 collective agreements in the province, and it seems like every week there's a new story, a new issue. We have a lot of hard-working people in our departments, and I want to thank them. They're always there when I need information, if I have a question, or if I want to probe a little further. They have lots of patience for me. Well, not all the time. (Laughter) I'll thank them for their honesty too.

They put a lot of work into the budget, and I know we talk a lot about: Is the Province being fiscally responsible? Are we doing good reporting? Are our projections accurate? I can tell you that the professionalism is high, and I know the members know that too. We have very competent people, and I will just say that it's a pleasure to work with them. As much as the hours can be long, I have a lot of fun over there. I think that's a testament to how good they are to work with. If they're that good to me - and I'm just a guy who rolls in - I can imagine they're just as good to each other the rest of the time. Credit to them all, and I want to make sure they know how much they're appreciated.

I will move to read my resolutions.

Resolution E3 - Resolved, that a sum not exceeding \$171,845,000 be granted to the Lieutenant Governor to defray expenses in respect of the Department of Communities, Culture, Tourism and Heritage, pursuant to the Estimate.

Resolution E9 - Resolved, that a sum not exceeding \$48,790,000 be granted to the Lieutenant Governor to defray expenses in respect of the Department of Finance and Treasury Board, pursuant to the Estimate.

Resolution E10 - Resolved, that a sum not exceeding \$822,863,000 be granted to the Lieutenant Governor to defray expenses in respect of Debt Servicing Costs, the Department of Finance and Treasury Board, pursuant to the Estimate.

Resolution E21 - Resolved, that a sum not exceeding \$9,134,000 be granted to the Lieutenant Governor to defray expenses in respect of Government Contributions to Benefit Plans, pursuant to the Estimate.

Resolution E26 - Resolved, that a sum not exceeding \$3,271,000 be granted to the Lieutenant Governor to defray expenses in respect of the Nova Scotia Securities Commission, pursuant to the Estimate.

Resolution E27 - Resolved, that a sum not exceeding \$2,230,000 be granted to the Lieutenant Governor to defray expenses in respect of the Nova Scotia Utility and Review Board, pursuant to the Estimate.

Resolution E39 - Resolved, that a sum not exceeding \$659,765,000 be granted to the Lieutenant Governor to defray expenses in respect of Restructuring Costs, pursuant to the Estimate.

Resolution E40 - Resolved, that a sum not exceeding \$126,316,000 be granted to the Lieutenant Governor to defray expenses in respect of Refundable Tax Credits, pursuant to the Estimate.

Resolution E41 - Resolved, that a sum not exceeding \$33,102,000 be granted to the Lieutenant Governor to defray expenses in respect of Pension Valuation Adjustment, pursuant to the Estimate.

Resolution E42 - Resolved, that a sum not exceeding \$1,333,994,000 be granted to the Lieutenant Governor to defray expenses in respect of Capital Purchase Requirements, pursuant to the Estimate.

Resolution E43 - Resolved, that a sum not exceeding \$14,212,000 be granted to the Lieutenant Governor to defray expenses in respect of Serial Retirements, pursuant to the Estimate.

THE CHAIR: Shall the resolutions carry?

The resolutions are carried.

We have one minute and 55 seconds left, if everyone would like to talk amongst themselves for a minute and 10 seconds. (Laughs)

KEITH BAIN: Could we have a little dance or something?

THE CHAIR: MLA Bain has offered to do a dance. We could take a vote on that, if you'd like.

AN HON. MEMBER: Recorded vote.

THE CHAIR: There has been a request for a recorded vote on MLA Bain's . . .
(Laughter)

That concludes the subcommittee's consideration of Estimates for today. The subcommittee will resume consideration when the House again resolves into Committee of the Whole House on Supply. Please return to your seats in the Legislative Chamber. The Committee of the Whole House on Supply must rise and report before the House concludes its business for the day.

I want to take this opportunity to thank everyone. We stand adjourned.

[The committee adjourned at 7:45 p.m.]