

PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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Standing Committee on Public Accounts

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LOCATION: LEGISLATIVE CHAMBER, HON. GEORGE COLES BUILDING, CHARLOTTETOWN

SUBJECT: BRIEFING ON INTERNAL TRADE

COMMITTEE:

Bradley Trivers, MLA Rustico-Emerald [Chair]
Hon. James Aylward, Leader of the Opposition (replaces Steven Myers)
Hannah Bell, MLA Charlottetown-Parkdale
Kathleen Casey, MLA Charlottetown-Lewis Point
Alan McIsaac, MLA Vernon River-Stratford
Hal Perry, MLA Tignish-Palmer Road
Allen Roach, MLA Montague-Kilmuir [Vice-chair]

COMMITTEE MEMBERS ABSENT:

Steven Myers, MLA Georgetown-St. Peters

MEMBERS IN ATTENDANCE:

none

GUESTS:

Department of Economic Development and Tourism (Kal Whitnell); Department of Finance (Ian Burge, Gordon MacFadyen)

STAFF:

Ryan Reddin, Clerk Assistant (Research and Committees)

Edited by Hansard

The Committee met at 10:00 a.m.

Chair (Trivers): I'd like to call the meeting to order.

Welcome to everyone. It's good to see you here. It's great to be having the Public Accounts meeting, and welcome to everyone in the gallery and of course everybody who is watching through Facebook LIVE, perhaps, at home. Feel free to send in your comments. Don't necessarily expect a response right away from the Legislative Assembly, but they will be noted by, I'm sure, members of the committee.

At any rate, one thing I wanted to mention is that the hon. James Aylward, the Leader of the Opposition, is in for Steven Myers today.

Is there a motion for the adoption of the agenda?

Ms. Casey: Mr. Chair, I have something to add under new business. Do I do that now or do I do it after we adopt the agenda?

Chair: Feel free if you'd like to add it now. Yes.

Ms. Casey: Okay, sure.

I'll just say I have something for under new business.

Chair: Okay, great.

If anyone has any other new business, you can let me know now or you can add it when we get to that section, is customary.

Ms. Casey: Thank you.

Chair: All right, adoption of the agenda?

Ms. Casey: So moved.

Chair: Thank you, Kathleen.

Today we do have Kal Whitnell in, the senior director of economic research and trade negotiations from the Department of Economic Development and Tourism to give a presentation about that. Right now, I don't know if there are any other changes on

that briefing that anyone from the committee wanted to bring forward for additions.

Mr. Roach: I think that at the last meeting we had indicated that we would also have here today Gordon MacFadyen and Ian Burge, should there be any questions arise with respect to internal trade and what takes place at that level as well.

Chair: Would you like to move that they come to the floor after Kal's presentation?

Mr. Roach: Well, I'd move that they come to the floor now just in case, as we get into our questions once the presentation is done, that they could respond because I'm sure the questions may refer to either.

Chair: All right, all in favour of that motion?

Some Hon. Members: Aye.

Chair: All against?

All right, great. I would like to welcome you to the floor as well. Come forward and take your place. Maybe what I'll get you to do is just say your name into the mic for our audio visual staff so they know who you are and where you're at and it can serve as an introduction as well. Go ahead, maybe we'll start here and move across.

Ian Burge: My name is Ian Burge, manager of procurement services.

Chair: Okay, nice to have you.

Kal Whitnell: I'm Kal Whitnell, senior director of economic research and trade negotiations.

Gordon MacFadyen: Good morning.

Gordon MacFadyen, comptroller for the province.

Chair: Great to have you.

At this point then I'd like to turn the floor over to Kal for a presentation around 20 minutes. Is that right?

Kal Whitnell: Approximately 20-25 minutes.

Chair: Great, thank you.

Kal Whitnell: I appreciate the opportunity to come in and speak to you on this topic, internal trade. We will dive into a little bit on the international trade side as well. I know it's a very fitting time and location, actually, to have this meeting given where we're sitting today.

Chair: Sorry, Kal. Just to interrupt you; if you do have questions during the presentation that clarify some of the information on the slides, feel free to ask them but if they're more discussion points, please hold those til the end.

Thank you.

Kal Whitnell: Thank you.

As I said, very fitting time for this discussion. There's a lot of trade policy and trade in general is in the media a lot these days with the NAFTA negotiations. We've recently signed the Canadian Free Trade Agreement which we'll talk about, and then there's also a number of – it seems to be trade protectionist measures being introduced both domestically and globally so I think it's a very fitting time.

Also, just in terms of the location where we're having this meeting, obviously we're beside the Province House here where they had the 1864 Charlottetown meetings. I know that when Upper Canada came in here to try to get into the meetings, I know that they provided a lot of champagne and we're still talking about trading alcohol today. So, it's a very fitting time.

Just a bit in terms of a little bit of the background and where things started in terms of Canadian Confederation and trying to form the union and the trade union, as I'll call it. Obviously, there was a number of resolutions that were introduced. I believe 72 resolutions were introduced and one of those was on trade, the regulation of trade and commerce. It's very fitting that we're here today talking about this topic and trade policy is definitely something that's at the forefront these days and it's very important to PEI.

In terms of the balance of powers within Canada, we'll get into that a little bit further.

Obviously there are areas under federal jurisdiction, but also under provincial and territorial jurisdiction. I know there's a case right now, and that gets into the Canadian Constitution around the Comeau case that was coming out of New Brunswick. The key point there was there was discussion around: Should all goods flow freely across the union? That's something that has been at the Supreme Court and definitely could have some bearing on where we're going from a trade perspective moving forward.

The New Brunswick case that they were talking about, the Comeau case, was specific to alcohol and the movement into a province, but the case that was at the Supreme Court of Canada was actually dealing much broader than that. It was actually talking about the balance of powers between federal and provincial jurisdictions so it will be an interesting outcome to see where to go from that.

I just want to talk about the importance of trade first and kind of set the framework and foundation for PEI. We're taking a PEI perspective of this topic today, and the PEI economy is performing extremely well relative to other jurisdictions across Canada and definitely punching above our weight and above the national average in many cases, which is good to see. Linkage to trade is that, at least from an internal trade perspective or interprovincial trade – interprovincial trade actually accounts for 70% of our GDP number so it is significant.

It's very important that we continue to have trade corridors and that our goods and services, and people for that matter, can move freely throughout the country and the union that they had talked about back in 1864 and then –

Chair: Just to be clear, the internal trade numbers on this graph, that's exports?

Kal Whitnell: That's total trade exports and imports.

Chair: That's the trade balances, showing the positive (Indistinct)

Kal Whitnell: That is the value of total imports plus total exports within our dealings with trade with the other provinces and territories in Canada.

Chair: Okay.

Kal Whitnell: That's the blue slides that you see there, and the blue bars. That is a percentage of our total gross domestic product. It's showing the importance of interprovincial trade, exports plus imports relative to total size of our economy. It is quite significant. It is not our trade balance. No, that's not what it's signifying.

Chair: Thank you.

Ms. Bell: (Indistinct)

Chair: Yes, go ahead.

Hannah Bell.

Ms. Bell: Thank you.

Just to clarify, that in the provincial context, international is outside Canada?

Kal Whitnell: Correct.

Ms. Bell: So (Indistinct) the US and Mexico are considered international?

Kal Whitnell: Correct.

Ms. Bell: Okay.

Kal Whitnell: These numbers and this graph that I'm showing here in terms of gross domestic product and the size of the economy, that is internal or provincial only. It does not take into account our international trade with the United States, which I'll get into that a little bit further –

Ms. Bell: Okay, perfect.

Kal Whitnell: – on the next slide. Plus, all the other economies that we sell into.

Ms. Bell: Thank you.

Kal Whitnell: Just in terms of the PEI economy, as I had mentioned, we are performing extremely well. We're the only jurisdiction in Canada, actually, to have continuous economic growth since 2008, which is very positive and trade has a large impact on that.

The importance of trade agreements and trade policy in general, obviously it sets the

framework and the rules by which we trade with our partners and other jurisdictions, neighbours, whether that's within Canada or our international partners as well. We're very heavily dependent on trade and as I mentioned, both interprovincial trade, which accounts for about 55-60% of overall trade, and then international trade as well so it's very important that our companies can continue to access those markets and during this time of trade protectionism, it's very important that we're working closely with our companies to make sure that they're not harmed and how we can help them make sure that they can deal with any of the issues that are arising that we're seeing in the marketplace today.

In terms of the value of trade for PEI, this is just a snapshot and I had talked about this a little bit in the introduction. This just gives a snapshot of where our trade is within Canada, but also in the United States; and as you see, we are trading across the country. Trade generally does happen in regions, and the closer you are geographically obviously it's a little bit easier to trade. In terms of our Canadian interprovincial trade, Ontario-East represents about 90% of our interprovincial trade and if you look at Ontario and Quebec as a region, if you look at the Atlantic Provinces as a region, they're almost identical in terms of size of approximately 45% of our trade is going to each of those regions, and the remaining 10% is to the Western Provinces, and a little bit into the territories.

In terms of the US marketplace, just to show the importance of international trade as well, we've actually – international trade reached a record this year, almost \$1.4 billion. It was approximately \$1.38 billion in 2017 in terms of our exports to international and global markets, and it's actually a milestone year in terms of the exports that we have to the United States, which is our largest trading partner. It's the first time that we have surpassed the \$1 billion mark with an international trading partner. We do have a lot of close collaboration, and the supply chains and the economic integration with the United States and our partner to the south is critical as well moving forward, and hence the discussions on the NAFTA negotiations and why it is critical to not just PEI, but to the rest of the provinces, territories and Canada in general.

Just a little bit about the trade agreements that currently exist and I'll look at this both from a domestic perspective within Canada, but also an international perspective and get a little bit into what they're about and what it means for PEI.

There was an Agreement on Internal Trade, which we've recently negotiated. There is a new Canadian Free Trade Agreement, which I'll talk about shortly, but the Agreement on Internal Trade entered into (Indistinct) back in 1995 and those negotiations actually started as somewhat of a response to the negotiations that were happening through the original NAFTA negotiations. It was determined at the time that it was important that there must be some type of trade rules within Canada if we're negotiating internationally with another country so those negotiations were happening simultaneously and that was kind of the start, I guess if you will, of really enhancing and looking at trade agreements to enhance your opportunities outside of your markets.

The original Agreement on Internal Trade, which ceases to exist today because of the new Canadian Free Trade Agreement, was more of a sector-focused approach. Obviously there was your typical chapters on government procurement, on dispute resolution, but there were also specific chapters on alcoholic beverages, environment and other areas as well that were dealt with back in the mid-1990s. That focus has shifted and I'll get into that a little further in terms of the international context and what's driving some of our decision making now and re-negotiation on the domestic side.

There's also a New West Partnership Agreement with the four western provinces that they formed. Just so you're aware, the domestic agreements, i.e. the Agreement on Internal Trade, doesn't prohibit other jurisdictions from entering into other trade enhancement arrangements. It's important that regionally, as I'd talked about on the last slide, as you see that trade a lot of times does happen on a regional level and that's why you might see some regional level of agreements as well, to make sure they have clear access and flow of goods and services within their region as well.

There's a trade and cooperation agreement between Ontario and Quebec, so as you can start to see the flavour of the regions of how our trade works, and we also have an Atlantic Procurement Agreement. We don't have a full fledged trade agreement amongst the Atlantic Provinces, but there is an Atlantic Procurement Agreement that was procurement only. Now since we are under review at the moment on the Atlantic Procurement Agreement, the reason we're under review of next steps – a letter will be going up to determine what the next steps are on that agreement. At this point, it really ceases to exist. It references the Agreement on Internal Trade, which no longer exists because we have entered into a new Canadian Free Trade Agreement, but obviously that's something that a decision will have to be made on the importance of that Atlantic Procurement Agreement.

Bottom line in terms of what are the goals and objectives of a trade agreement? The Agreement on Internal Trade, at least domestically, was focused on reducing and eliminating to the extent possible barriers to the free movement of persons, goods, services and investments within Canada.

I talked about the Canadian Free Trade Agreement and why we renegotiated the Agreement on Internal Trade, and this is really spawned from the negotiations that happened with the Canada-European Union CETA agreement, which I'm sure you've all heard of. Shortly after the CETA negotiations, premiers across Canada got together the Council of Federation and determined that it was important that we did renegotiate the terms and rules of trade within Canada.

The Canada-EU CETA agreement was the most comprehensive agreement on the international level that we've seen to date, and in addition to that, the level of provincial involvement at those negotiations was unprecedented. Provinces and territories were actually in the room during the negotiations. It was the EU that actually wanted provinces and territories in the room for the negotiations. Their most important priority was actually access to government procurement at the sub-federal or the provincial and territorial levels, so that's why we were there.

Why renegotiate the Canadian Free Trade Agreement? Once we entered into the agreement with the European Union, obviously there were areas where provinces and territories had provided commitments and obligations which actually went beyond what we currently had in the Agreement on Internal Trade in the domestic agreement. The rationale was that we wanted to make sure that we were providing at least the same treatment to Canadian suppliers that we have provided to European suppliers. There was a critical point in time where you wanted to make sure that your domestic agreement should be at least as liberal or open, from a trade perspective, as your international obligations.

The new CFTA, or the Canadian Free Trade Agreement, entered into force on July 1st, so Canada's 150th birthday, and it replaces the Agreement on Internal Trade. It is more ambitious and much more comprehensive. We do obviously have a lot more (Indistinct) and background now from the international context. So you're starting to see the domestic agreement morph a little bit closer into the international context and what those obligations look like. It has a much-improved coverage. It's nearly all sectors of the economy, whereas if you recall my last slide I had mentioned that the Agreement on Internal Trade was more of a sector-focused approach where this is much more broad and covers all goods and services across the country.

It also has improved transparency, so a big part of this was making sure that if there are irritants, or trade irritants, if there are regulations in place that governments have in place that may not necessarily block trade, but be an irritant for a company to access a particular jurisdiction, it is in the agreement. It's very transparent and businesses know exactly what the issues might be trying to trade, whether it's a good or service or et cetera, into another jurisdiction.

There are still a number of elements, and important elements, that were retained from the Agreement on Internal Trade. Obviously, environmental considerations are critical and the right to regulate for the environment was retained. There are a number of exceptions that provinces still have. There are certain areas where you can

exempt certain areas from your economy and, I guess, from your regulations that you have in place for a trade agreement and we made sure that that was kept in place.

We have a land protection act that we have to make sure that we protect. We have certain exceptions through government procurement, so there were a number of years that we've retained flexibility to continue to regulate in the public interest.

At the core, the CFTA or the Canadian Free Trade Agreement does prohibit discriminating among the goods, services, workers and investments from other jurisdictions or other parties.

What are the modernized trade rules under the Canadian Free Trade agreement? As I mentioned, this is much more comprehensive than before. There is a general chapter that covers all goods and services, and at the core of it is that it's non-discrimination. At a minimum, you should be treating others the way you treat your own suppliers and your own businesses and your own workers for the movement. Obviously there are some exceptions to that, but that is at the core – non discrimination is critical to this. It's really about making sure that our companies and our people, and if you decide you want to invest in another jurisdiction and set up a subsidiary and establish company and these types of things, that it's open to do so and there are no barriers to doing that.

Government procurement was another big area in terms of accessing for businesses. The government procurement sector and tenders is very large in Canada and obviously for PEI, which is the smallest provincial jurisdiction in Canada, it's important that we have access for our companies to bid on other procurements across the country.

There were some significant improvements made. There was a review procedure, or bid protest mechanism that we call it in the new agreement, whereby there's a much better process now to actually challenge an issue. So if we have a company in PEI that has bid on a contract and there's been a breach by another party in the decision-making or throughout that procurement process, we now have an ability and a strong mechanism

to go back, challenge that breach and at the end of the day you could result in costs and/or compensation being made to the company. So it's much stronger than before. That's very positive of the new agreement as well.

Dispute resolution has always been important, and once we get into the discussion on international trade, we'll see why it's important to have enforcement mechanisms so you can actually challenge a number of these protectionist measures that are currently seen both internationally and domestically. We do have monetary penalties that may be assessed once you go through formal consultations and a panel, and if a party does not change their measure for what they've been challenged and if they've lost the dispute, you could end up having to pay monetary penalties at the end of the day if you don't change your measure.

Regulatory notification and cooperation is a critical, critical piece, and a big win, I would say, in the negotiations. Obviously when you're dealing with a trade agreement, you cannot deal with every single issue that there might be a trade irritant. Obviously there's a number of regulations that are in place across Canada. They evolve from differences differently, and in all cases it's not that provinces are trying to necessarily block trade, but in some cases the regulations have evolved from different places and they're just different.

So we have a mechanism in place to try to make it easier for businesses and deal with some of these regulations. It's called the RCT, which is the Regulatory Cooperation Table, and we'll be negotiating it and finding ways on an annual basis on how to deal with any remaining issues that exist from a trade irritant or trade barrier perspective. That's the new Canadian Free Trade Agreement.

Also from a futures perspective, there's been a number of working groups that have been established under the Canadian Free Trade Agreement. As I just mentioned, the Regulatory Reconciliation and Cooperation Table is trying to deal with specific trade barriers in some cases, but mainly irritants.

PEI, we're currently underway. We've done consultations with a number of the industry

councils and associations to understand what might be some issues that you need to deal with. We're actually going to be negotiating our priorities later this month, and we've identified through our consultations, through these industry associations, that there are some issues with transportation, with food, with construction and moving our products.

An example under the transportation sector that we've heard of a lot, and this especially holds true for PEI in terms of moving our agriculture products whether it's potatoes or fish and seafood in terms of our commodities across the country, if you want to ship product from Prince Edward Island to British Columbia as an example, there's five different weight restrictions for trucking across the country. Obviously, we want to get to a place that we can harmonize that. Because there are five, you would have to essentially only load your trucks to the lowest common denominator, which if that's the case, you may have to do additional loads, which increase costs for shipping.

That's one key example that we're hearing, and obviously as a heavily food-based trading province we do ship a lot of commodity in that area, so it's something that we're going to try to tackle at the upcoming negotiations.

Alcoholic beverages, no surprise, have been in the media a lot; obviously the Comeau case, which I referenced earlier. We couldn't make a lot of advancements on alcoholic beverages, but in terms of trying to deal with this moving forward, there was a committee that was established on alcoholic beverages and trade in alcoholic beverages and we are working through a number of options to try to open up the markets further in terms of trying to help industry make sure that they can move product and get product in different markets.

We do have, obviously, a growing microbrewery industry on PEI. We have a wine industry as well which do look to export across the country, and the more that we can do for them to try to get their products into market or at least give them the opportunity to export if they wish to do so, then that's what we're trying to deal with, some major new advancements in that area.

There's also a few other areas we're focused in on in the fisheries sector and financial services. Financial services has been included in a number of international trade agreements in terms of obligations. It is not yet included within the new Canadian Free Trade Agreement, but we're having an exploratory discussion as to whether it makes sense within the domestic context to actually cover financial services.

There will be other areas that are negotiated as well, such as the new cannabis piece and how we're going to have to negotiate the terms from a trade perspective on what trading cannabis looks like as well. So this is the forward-looking agenda on how we're trying to deal with improving and enhancing the Canadian Free Trade Agreement, even though it just entered into force in July. We still have mechanisms in place to try to make further advancements for the country.

In terms of requests when we came here today was like talking about what is the interplay between the domestic relationship on trade policy and also the international play and what's the interplay between the two? The Canadian Free Trade Agreement, which I just spoke about, only applies to parties, i.e., governments and persons of a party within Canada. So it's for permanent residents and businesses that are established here. An international company that is traded in here wouldn't be able to access the dispute resolution mechanism, for example, but they do have other mechanisms from an international perspective that they can deal with, and I'll talk about that a little bit later.

What, I guess, is the interplay, and the key interplay around the domestic and the international piece, and I alluded to it a little bit earlier when we were talking about the Canada-EU agreement, is that international trade agreements helped inform where we should be moving in the domestic context. It was really a response to the Canada-EU CETA agreement, why we renegotiated the Agreement on Internal Trade. That definitely played a key role. We did a full assessment of what our international obligations would be, and we wanted to make sure that we were treating our workers and our goods and services and investors at least as well as we were internationally.

We continue to work closely at the FPT, or federal-provincial-territorial, level on cooperation, and obviously the goals of trade within Canada every province is working on, and territory for that matter, and the federal government are working closely in the international context; in the domestic context, but also the international context and looking at ways to expand trade, diversify our markets internationally and do what we can.

As I mentioned earlier, the CFTA, the Canadian Free Trade Agreement does not prevent negotiating other trade enhancement agreements within Canada. The international context is slightly different. The Canadian Free Trade Agreement is an agreement amongst the federal government plus all the provincial and territorial governments.

On the international context, there are a number of negotiations either underway or have recently concluded. International trade and entering into trade – international treaties is under federal jurisdiction. It's in the constitution. What we've seen over the last 20 to 25 years is that there is more under – more commitments and obligations being made under provincial jurisdiction that we're seeing on the international side.

Obviously we have the NAFTA negotiations, which are currently underway. NAFTA entered into force in 1994. We're currently modernizing that, or looking to modernize that agreement through the negotiations.

We have the Canada-EU CETA agreement, which entered into force in September of 2017. We also have a number of international agreements. We have the comprehensive and progressive trans-Pacific partnership agreement, which was just announced. It will be entered into force, or sorry, it'll be signed tomorrow. There should be an announcement tomorrow about this signing of that agreement.

We also have other potential – or the federal government is looking at potentially entering into negotiations with China. We have the issue with Brexit, or the UK. Obviously, we have the Canada-EU CETA agreement, but if Brexit occurs and the UK does withdraw from the EU then there will be negotiations with the UK, as well, which

is an important market for Prince Edward Island. There's also something called the WTO, or the World Trade Organization agreement, which we have commitments under, as well.

In terms of the outcomes of trade negotiations and agreements and what it means from a provincial perspective, at least at the international level, there are varying degrees of provincial involvement. As I'd mentioned, as we move forward, there's a lot more provincial involvement than there has been in the past in the past 25 years, especially, under the Canada-EU CETA agreement. We were at the table for that. Other negotiations – it's really up to your trading partner whether the provinces and territories are in the room or if we're just working extremely closely on the ground with the federal government at negotiations.

The current NAFTA negotiations and the TPP negotiations are quite similar; that all provinces and territories are at negotiations, not in the room, but working with lead negotiators and the chief negotiator at the federal level on a daily basis and making sure that we represent the interests of our provinces and territories respectively.

These types of trade agreements are also critical. I've talked about the merits and benefits of a domestic agreement for PEI companies, but it's also important to give better opportunities to our businesses internationally, as well. Where Canada has signed trade agreements internationally, and if some of your key competitors do not have those same trade agreements in place then you obviously have an upper hand, whether it's lower tariffs or other provisions within the agreement to make sure that your companies have better access or preferential treatment, as we like to say.

In terms of trade agreements, there's a number of differing views among stakeholders. Governments have perspectives. Business and sectors – businesses have key. We hear a lot of positive things about forming these trade agreements among businesses, but certain sectors may have slightly different opinions depending on the sector that you're working within. Civil society, academia, also have comments about the international trade sphere.

I just wanted to talk about – and I'm just down the last couple of slides around some common misconceptions about trade. A lot of this, we're hearing through the NAFTA negotiations and things that were happening during the US elections, some of the commitments that were being made in terms of opening up NAFTA; that trade agreements are not fair; that they are the source of creating job losses; that they're driving trade deficits; that dispute resolution and enforcement are really non-effective, or inefficient.

In reality, you can't say that trade agreements are the source of the reason why there's lost jobs or not a trade deficits might be increasing. There's globalization going on. There's technological investment, advancements going on. There's innovation in productivity. There are reasons why that you might see shifts in jobs and labour force. It's not simply because a trade agreement was signed. There are a number of factors that drive that.

Another key, or common misconception would be the right to regulate. We had talked about, a little bit earlier around the Comeau case and the case that has gone up to the Supreme Court of Canada. They're talking about the balance of powers between the federal government and provincial governments across Canada.

But there is a common misconception, and we hear it a lot. I get a lot of feedback from stakeholders that we are losing our right to regulate as a province and as governments when we sign these trade agreements. In essence, and what's really happening, is we do retain the ability to regulate. Whether it's for the environment, whether it's on other critical areas, as well, so we do maintain the right to regulate in a number of areas in the public interest; health, education, et cetera, in terms of cultural industries. It's a bit of a misconception to state that we completely lose our right to regulate because that's just not the case.

Also, there's – and I just wanted to put this out here in terms of the cost of trade barriers and referring back to the domestic market – there's always been a number flying around, whether it's \$2 billion or \$50 billion or \$60 billion in terms of the cost of trade barriers within Canada. That number has never

really been firmed up, I guess, and it's – it shows you the degree of margin of error from that perspective. A common misconception is that Canada is littered with trade barriers and the cost to the Canadian economy is in the tens of billions of dollars, and we really don't know. I think you have to get down – that's why we're trying to deal with some of these smaller irritants that we're talking about from regulations and dealing with some of the issues in terms of regulations, and where regulations might differ a little bit, and trying to ensure that companies can continue to trade. So that number is really difficult to justify. I think I just want to put that out to make sure that you're aware of that, which you have likely read in the media in the past.

A key slide, I think today, is really to talk about, and I think an important discussion that we might want to have after this is around trade disputes and protectionism. I think we're seeing trade protectionism definitely ramp up. I think you're seeing that, not just domestically, but definitely internationally, and we're seeing some things in the US, as well, that are cause for concern. In terms of what we're seeing within Canada, obviously, there's a pipeline and wine issue that you've probably heard about; BC and Alberta. There was a licence plate issue that Alberta and Saskatchewan had issues with. There was a recent dispute through the Agreement on Internal Trade, which will be the last dispute on the Agreement on Internal Trade around the movement of beer into the Alberta market.

There's also, on the international context, which are those listed below. There's continuing softwood lumber litigation and dispute that's continuing. Just last week when we were at NAFTA negotiations, there's the recent steel and aluminum announcement that was made, which there's currently no details on, but could definitely impact and harm PEI industry, who we have already started reaching out to. There's also been complaints by Australia and other countries around the movement of wine and the access, I guess, to the wine markets in Canada in specific jurisdictions. There are a number of trade protectionism going on and it seems to be increasing. I think that's why today it's important to have that discussion of what are the dynamics and current dynamics within the trade sphere and trade

policy. What does that mean for Prince Edward Island, and could that impact us moving forward?

In certain areas it definitely can and in certain areas it may or may not, depending on what the protectionist measure that's in place. In essence, when there is trade protection, there are a number of downsides that can happen. It can cause higher prices for consumers, which we've seen on the softwood lumber side price. They say prices of houses have increased substantially since there are tariffs on softwood lumber imports going into the United States. It can increase cost for businesses, i.e. the higher tariffs. It can be a potential loss of export opportunities.

The other thing, which it becomes a slippery slope as well once you get into retaliatory action, I think you've probably read in the media, just as an example around the steel and aluminum how things can get – go out of control a little bit. There's an announcement made. There are no details yet on what the steel and aluminum tariffs might look like and what the scope or breadth of those tariffs will be; but you've already had significant reaction from a number of countries.

An example, the European Union has come out and actually identified specific products that they would impose tariffs on specific US products that they're shipping a lot into the EU. It's a slippery slope when you get into the retaliatory side. It can be risky. I think from a Canadian perspective they're looking at all options, but you have to make sure you're looking out for the interests of your industry and overall economy before you make any of these hard decisions.

There's also the fear, I guess, the perception of, and fear of trade that can happen. I think under the NAFTA negotiations when that negotiation opened what we've seen, even on the ground in PEI is that it starts to create a bit of fear and companies like consistency. They like to make sure they can continue to trade with the jurisdictions and countries moving forward. When you open up a trade agreement and you hear a lot of protectionism going on, it starts to put fear in companies in terms of whether they want to invest and start and to trade with, in that particular country.

It's important. We've already heard of and looking at some investment missions, I know, had some discussions we've had some investment missions for PEI that were scheduled in the United States and some of those didn't happen because a lot of companies are saying: Well, we don't want to necessarily invest during this time. It's uncertain and it can cause some fear of looking at foreign direct investment and investing in each other's countries. It does have, even just the fear of trade protectionism can have an impact.

What does this all mean for PEI? This is my last slide before we open up for question and answer. I know that the number two priority, I believe for this committee, was around internal trade and the impact of trade on the PEI economy. The number one priority is around the blue books. I think we want to look at this from the perspective, could trade protectionism really have an impact on the revenues for PEI that we're seeing? The answer is it definitely could. It depends on, it could be lost revenues, lost jobs, depending on what the protectionist measure looks like and if you don't find alternative markets, potentially, or if your level of business declines, then that's something that we definitely have to look out for.

PEI is a trading province. Our goal and our objective within any trade agreement is that we need to keep trade routes and corridors open. We're heavily dependent on trade and I mentioned earlier in the presentation our dependence on trade from an overall percentage of our economy and gross domestic product is substantial. It's important, as a trading partner we produce a lot; way more than we can consume within the province. It's important that we have other markets to send our world-class products and services.

If we're looking at, and I know there's going to be questions, likely, around: how do we ensure – can we develop local businesses and can we look at local preferences? These types of questions and I think the critical piece is there are some latitudes within trade agreements, but you have to be sure that you're looking at it through a trade lens. As I already mentioned, trade protectionism can be very harmful so when we're implementing policies, we have to make sure that we do a really solid risk assessment

before we make any policy decisions moving forward because it can have an impact. If you get to a point where it, obviously, goes against the obligations that we have within a trade agreement things can happen. There is some risk. It's really about a risk assessment that we have to do.

I talked about, obviously, trade and retaliatory actions against PEI. We've had initial discussions on the steel and aluminum. We're keeping a close eye on any of these types of measures moving forward, but they can have real impacts. That's something that we definitely have to keep our eye on.

There was one study that I was actually reading recently. It was the University of Washington had put a study together. They talked about trade protectionism and looking at does it makes sense for a small, open economy to actually put forward local preferences and trade protectionism? Their outcomes were, bad idea, quote. They said it doesn't make sense for small, open economies. You have a lot more to gain by trading and going to much larger jurisdictions or countries to move your products and services. If you become too insular, it can start to have some major repercussions for you moving forward. With that, hopefully it gives you some foundation and overview. I tried to keep it not – more layman's terms and not get into technical jargon as much as possible. We appreciate any questions.

Chair: Thank you very much.

That was a great presentation. We do have some people on the list.

First I have the Leader of the Opposition, James Aylward.

Leader of the Opposition: Thank you, Chair.

Kal, thanks very much for your presentation and coming in today; greatly appreciated. Actually, I've got a lot of questions, but I want to start with CETA because I remember back a number of years ago, when I was first elected, I was going to a lot of public meetings and different organizations that were talking about this agreement. There was a lot of concern over what it

could mean; whether there's going to be European products were going to come in and just decimate our dairy industry or cheese, in particular, pharmaceuticals and the list goes on and on.

As you said, the agreement went into force on, actually September 21st, 2017. It was signed October 30th, 2016. Have we seen anything to be concerned about at this point in time or how has the agreement been going?

Kal Whitnell: At this point, as I mentioned, the agreement has entered into force back in September of 2017, where it's really promotional phase right now, so it has kind of moved out from a trade policy lens and moved into more of a promotional approach at this point.

The province has worked closely with the federal government, who are doing a cross-country tour and promoting the benefits and opportunities that this can help out.

The crux of the negotiations was the provinces were in the room. We were working closely with the federal government. There are areas under provincial jurisdiction that the EU wanted access into in terms of our government procurement. Really, in return it was to get lower tariffs on a number of our key products such as industrial manufacturing products, agricultural products. It could be on the potatoes, french fries side, fish and seafood as well.

The benefits that will be coming to PEI companies, in terms of the lower tariffs and lower cost to get into the EU market is substantial. It's going to be – in some cases, it's happening immediately. In some cases it'll be between a three to five or 7-year transition period, but those tariffs do start to go down immediately after day one.

Leader of the Opposition: Okay.

Kal Whitnell: You have mentioned around cheese and pharmaceuticals. There was a lot of discussion in the negotiations around that in terms of cheese and pharmaceuticals and what the agreement, and maybe what was agreed upon.

In terms of the cheese side, we have some companies here that are crucial to the PEI economy, and we continue to work with those companies to ensure they can take advantage of the opportunities with the European Union. They need the opportunities to make sure that they can access going the other way, as well as – there is obviously new cheese imports are going to be coming in, which are mainly (Indistinct) style or (Indistinct) style cheeses. That's something we have to work with our companies very closely.

In terms of the pharmaceutical side, there was an extension in the patent term restoration, which essentially may mean that brand names, which are higher in cost in terms of pharmaceuticals, will be in the market, or on the shelves a little bit longer than they were previously. That can have an impact and increase cost for those purchasing pharmaceuticals in the future. That's something that the federal government has looked at closely. They're going to be working at potential supports with the provinces in that particular area as well.

There were also some agriculture supports that were announced and for companies. I think it was in the neighbourhood of \$350 million once the CETA entered into force. I know we have companies that have submitted applications in terms of trying to get some of those funds to help them. It's really to help them make sure that they can look at those opportunities and make sure they can trade into the European Union and beyond.

Leader of the Opposition: I guess with the promotion stage that we're in right now, and the concern for our Island manufacturers, what specific programs are in place to make sure that they're educated and they have as much guidance and assistance to access those markets as possible? Are there any specific initiatives that the province is doing currently?

Kal Whitnell: Yes. The province has set up, and this is within economic development and tourism mainly with Innovation PEI, they have a number of exporter-type trading programs that have been established. It's not CETA-specific. It's for markets in general. In terms of international, if you're looking at

exporting outside of PEI, there are programs in place to help train you.

Especially, you have to really look at – we have what I'll call sophisticated exporters in the province, which are large companies that have been trading and exporting for years, both across Canada and internationally.

They kind of get it and understand it; but where you can really grow as an economy is where you have smaller companies that are just trying to dabble in that, and that's really where you do require additional support.

There are training information packages that they can take.

In terms of the federal government and the recent cross-country tour, we're working closely with the province and the federal government in terms of there's a number of sites, contact points, all areas of the federal government. A number of departments with the federal government are heavily involved. The province is working with companies as well, so you might have Export Development Corporation, BDC, and Global Affairs Canada, et cetera helping these companies.

There's a strong program in place to make sure that companies can A) learn about the government, learn about the opportunities that are available, and then how can you actually take advantage of them and access that market.

Leader of the Opposition: Okay, great. Thank you.

Chair: (Indistinct)

Leader of the Opposition: No, that's it for now.

Chair: Hannah Bell's next on my list.

Ms. Bell: Thank you, Chair.

Bringing it back to sort of the interprovincial with a focus, but it relates to CETA as well, at the previous space I was working a lot with startups and scaling startups and particularly looking at that step of going from local, sort of developing a business and beginning to do local trade, getting to that point with cash flow and product development to go into the regional sales

and then hopefully into an export space, so that's small business growth.

For businesses that are fitting into a space with a relatively simple product or something that doesn't hit regulatory barriers, you can see that scale path; but because we have this accretion of barriers that often come just from layers of regulatory standards and so on, I think a lot of the people that I've worked with have identified that the barriers are not necessarily protectionism, but just complexity, and sometimes there's just things that you cannot navigate through. You cannot get through that as a barrier. I know we're fans of red tape review and simplification, but I would like to sort of speak about – are we looking internally and thinking about particularly that federal-provincial relationship?

I guess the example I can give you is particularly in the area of food manufacturing, or finished food manufacturing production. We see so many small businesses hit a stop because effectively the market in PEI is a small local market. Your cash flow will only get you to a certain point, but to go interprovincial you have to meet federal regulatory standards, CFIA standards, and those CFIA standards are so expensive to implement that we can't find a way through it for the – I say 'we' because it's people I've worked with closely – and so how can we think about looking to that?

Because if we want to encourage food and food production and export but we've got these things in space that just prevent a whole section of our market from being able to grow and expand, we're missing out on that opportunity on an interprovincial basis, and maybe the place to start is looking at a Maritime-provincial trade agreement where provincially regulated products can be sold with less barrier on an interprovincial basis within that Maritime space, for example.

Kal Whitnell: I really appreciate the question. You've hit home one of the critical benefits of the new Canadian Free Trade Agreement.

Ms. Bell: Okay.

Kal Whitnell: I alluded earlier, and I brought the slide back up in terms of Regulatory Reconciliation and Cooperation Table, and this is getting at the regulations you're talking about. I appreciate that you did mention food. Obviously that's critical to the Island. It represents more than 50% of our trade so it's a critical area.

I also talked about transportation which is obviously linked to the distribution of our food, so what was established, and it's a very unique approach and mechanism to make sure we can try to tackle these remaining regulations that are causing irritants. As you say, regulations do evolve differently, and it's not necessarily that you're trying to be trade protectionist, but it's an added burden for business when it's not simple.

What this process will do is that every province, territory and the federal government – and everyone has done consultations within their own jurisdictions, the federal government had worked nationally to identify any remaining regulations or key regulations that are still causing these burdens for business.

We'll be bringing as a province forward our own submissions to the RCT we call it, the Regulatory Reconciliation and Cooperation Table, and that's actually happening in the next couple of weeks.

Ms. Bell: Oh, really?

Kal Whitnell: So we'll be taking – these are annual work plans that have been established. Australia was one of the – what we did is we did kind of an environmental scan during the negotiations and said we have to do something in this area. Australia was one jurisdiction or country that had tried to really focus in on this. Canada is one of the – I guess you could call it one of the pioneers trying to deal with this at the sub-federal level, but the federal government is heavily involved as well.

On an annual basis, every province, territory, and the federal government will get together, bring a list of these trade regulations – or regulations, I should say, that may be a barrier or a burden on trade and we'll develop work plans, priorities, and then every year we'll be doing the same

thing. That's through consultations. So we have to negotiate our first set of work plans. I think we're aiming for the end of the month and every province should have at least one item on the list. We've seen some initial lists, and there is quite a bit of convergence and overlap, which is probably a good thing to see. It means that there's not maybe a plethora of regulations in every different jurisdiction.

So I appreciate the comments, but there is a mechanism, and I'd say that was one of the key wins within the domestic negotiations and framework.

Ms. Bell: So a follow-up to that question: Is there a way for the public or for members of the House to be able to put forward into that, or has that already been closed? Because this is a key issue for my constituents.

Kal Whitnell: Absolutely. I think what we did is we started with – probably too difficult to go out and talk to all the companies on PEI –

Ms. Bell: Yeah.

Kal Whitnell: – so what we did is we worked with all the industry associations and we invited 30 or 40 different associations to the table to hear what their views were; but we would be more than happy to hear any other views if they're specific areas. The focus is on those that are impacting trade, so it's trying to get your goods or services into other jurisdictions where there might be a difference.

It's not necessarily looking at our own domestic PEI policies or regulations, but at the end of the day, what you want to try to do is harmonize your regulations as much as possible or, alternatively, mutually recognize. You might identify, yes, there are two different regulations, but you're willing to accept what the other is doing and still allow the product or good to still move into the other jurisdiction.

We're working through that, but definitely if you have information or suggestions we'd definitely take that.

Ms. Bell: Just as my follow-up to that one and then move on, I would argue that PEI has a unique space in these discussions

because of our scale and size, and where that is obviously of huge value to us in terms of unique products and things; but it does put us in a very different situation in terms of what people can actually accomplish within the existing local market.

And so the same we hear from the immigrants as well, is that the challenges of having to work within that confined capacity of our market space and having regionalization, regional approaches or provincial approaches that don't allow for that difference in scale actually creates unfair barriers for some of our small businesses to break in and enter the market and get that opportunity to scale out.

That would be something that I would strongly argue for, and it is perhaps a unique perspective for the province and for our potential businesses to get to that space.

Kal Whitnell: Great point, and maybe just very quickly go back to the trade snapshot, and as you say it is regional-focused in a lot of cases.

We have been talking with our Atlantic counterparts. If there is something that is identified during this RCT process and it maybe doesn't make the initial list of priorities, then by all means what we're hearing from industry associations is try to tackle it even at the Atlantic level first, and then if there's three or four provinces that already have harmonized a particular regulation, it might be that much easier to try to put forward your suggestions and priorities (Indistinct)

Ms. Bell: Our favourite pilot-study approach, right?

Kal Whitnell: Exactly.

Ms. Bell: Thank you, Chair.

Chair: Next on my list, I have Alan McIsaac.

Mr. McIsaac: Thank you very much, Chair.

Great presentation, because this always brings up lots of discussions out in the farmer's markets and even in the House here we have questions about it all the time.

Concerns I have is touching on these, what Hannah had talked about, and quite concerned that we don't end up making more barriers than we eliminate because we are, as a province and as a country a trading nation and a trading province. We have to be aware of that.

If we stick up a barrier because of one little thing, then Nova Scotia sticks one up. It has happened in the past before in the AIT and things. Sure, I'd love to have a barrier put up so I can sell my product, but somebody else wants to get their product in, as well. If we're going to be trading we have to be aware that the fewer barriers, the freer the trade.

When it comes right back to PEI, you look at potatoes. We're over 25% potatoes in Canada. We don't want other provinces putting up barriers to stop our potatoes. In dairy, I think we have what? 0.46% of that population, but we have almost 2% of the industrial quota. We don't want other provinces saying: Hey, you're a small province; we'll take some of that quota. I mean we've lived by the graces of trade and in a long time and we don't want that changed.

What we can do here, and we're doing in a lot of ways, is promoting buy local. Just because we're trading and we want trade doesn't mean that we can't say: Hey, why don't you look at buying locally first? We're doing that in a lot of ways. We're promoting lots of food products like Burger Love and Love our Lobster and Best of Sea and all that sort of thing to get our people to buy local. Even in the Burger Love, I mean we have different commodities that work together to build this burger. It's a lot of local products go into the different ones. That's absolutely terrific.

I know the department promotes young farmers getting into it. We have a Future Farmer Program as we have a Future Fisher Program. Those are things that we can do to continue to build our trade, even though we are a trading nation, and we can make buying local very important. I think anybody who is listening to this or if you're talking to someone at the farmers market, certainly look at buying local, but remember we are a trading province and a trading nation.

Just on the trading nation thing, I have a question there with regard – a couple of questions, I guess, regarding the TRQs coming out of the CETA. I know we've signed on that, but they are going to be phased in. We have an issue over there, as well, with Brexit, that Great Britain opted out. Now, we set the TRQs at a certain level. If Brexit comes in, are they in that TRQs? We're trying to cut another deal with them. How does that allotment we've set aside for trade with, on dairy, just picking on dairy right now, with the trade through CETA, where are we with Great Britain? Are they into that allotment? Do they get another allotment? Or do we cut a deal with Brexit, with Britain because they're in Brexit, do we give them additional, or do they get a share of that one? Let's go on that one, first. Then, I want to touch on TPP.

Kal Whitnell: Sure. No, very good question.

The dialogue with the UK will continue. The UK cannot enter into trade negotiations, obviously, until they formally withdraw from the EU. They are a member and they have to follow commitments today of the CETA.

In terms of your question specifically around tariff rate quota, the TRQ that you mentioned and for cheese, it's uncertain at this time. It really is going to be dependent on what the terms and conditions are when they withdraw from CETA. They're looking at various options right now, what a trade agreement is going to look like. They have a number of trading partners they're going to have to deal with, and the terms of conditions of that are going to be unknown at this point in time, until they can formally negotiate.

There are different options they're looking at. We'll have to determine at that point in time and understand from the federal government, as well, what that might mean from a tariff rate quota or additional access for cheese in terms of the allotment. That's still to be determined.

Mr. McIsaac: We'll know well ahead; be kept up to date along the way in that –

Kal Whitnell: Yes.

Mr. McIsaac: – that's terrific. We have the same issue, I – from my perspective around TPP.

We had 12 provinces in 12 countries into that. We had set aside 3.25% of our dairy. Now, we have the United States, one of the bigger trader markets opt out of TPP, but the TPP is going ahead anyway. So the 3.25%, is that split among the other 10 instead of 11? Or is there some saved for USA if we change things and they want to come back in? Or we have to give up something in the renegotiation of NAFTA? Where are we at with the dairy in those negotiations?

Kal Whitnell: Yeah, sure.

I think there's an interesting interplay happening right now with the CTPP, as they're calling it. That's TPP without the United States, which will be officially signed tomorrow, March 8th, I believe it is.

There was access provided for all supply-managed goods, actually, and not just cheese and dairy, but beyond, as well, in terms of poultry and eggs, et cetera. In terms of the methodology and the tariff rate quota, that hasn't been defined yet and what that methodology is going to look like.

There is pressure, and you've seen it in the media during the NAFTA negotiations that they are requesting access supply, into our supply manage sectors as well; the cheese, dairy, poultry and eggs. The interplay of that will be interesting.

You have to understand that Canada, in terms of the access they have provided for the Trans-Pacific Partnership and now the CTPP, or at least the TPP included the United States. Once they, once the United States had withdrawn from the TPP, they didn't reopen the market access amounts or negotiations because they thought the negotiations might start to unravel a little bit. It would be very difficult – it would be a slippery slope if someone said: I've got to pull back on the amount that I provided you initially in terms of whether it's dairy access or whatever it might be.

Other countries are going to start to do the same and then it can start to unravel quickly, so they kept the market access commitments the same under the new agreement without

the United States. We'll have to see where things go. The United States, it's no secret, has put forward an unconventional, extreme proposal on supply management, but at this point there is no negotiations on that. From a PEI perspective we really want to make sure that we have checked our supply managed industries. As a government, that's always been our position in negotiations. We'll have to see where that plays out moving forward.

Mr. McIsaac: Going forward again then, I know under CETA the TRQs are on 17,000 metric tonnes of cheese or whatever; it's an allotment, whereas under TPP it's 3.25%.

Kal Whitnell: Yeah.

Mr. McIsaac: Now, the 3.25%, does that grow as our production grows or is it set as of the day this document is signed or whatever, so we know exactly where this is going?

I know the CETA one was set out so it comes into place over seven years or whatever. So, we may actually grow along the way and displace what we may have lost if we were stagnant, but I know we have grown significantly in our production, so we may not feel that as bad.

On the TPP, if it's on a percentage, is that as of a set date, or is it 3.25% as long as we continue to grow, they continue to get 3.25% access?

Kal Whitnell: I'll have to go back, but I believe it's a transitional and a ramp-up period and the amounts, but I'll have to go back and get the specific numbers. I don't want to misquote because each agreement is very specific and you have to go back into the language to clearly understand so I wouldn't want to misquote. I'll have to go back and get you those numbers.

Mr. McIsaac: Okay. Thank you.

One other question?

Chair: Yeah. Go ahead, Al McIsaac.

Mr. McIsaac: This goes back to the Canadian Free Trade Agreement.

I know when I was sitting around the table for, as agriculture minister, we had some discussion with the north on food security.

Kal Whitnell: Yeah.

Mr. McIsaac: I got talking to the minister from Northwest Territories, as to – as a small jurisdiction why could we not increase our trade with the north?

I'm just wondering: Do you know if around the coffee table there was much discussion from the feds that maybe we could do more work with the north if transportation was somehow offset?

I have a son now living in the north, and I know he has to order his food at Walmart in a large enough amount to save the transportation. But, when we're talking trade, why are we not looking after our north? I was just wondering, small jurisdictions such as PEI or the Maritimes, or whatever, why don't we focus on smaller areas up there?

Kal Whitnell: That's a great question. I didn't cover it in the presentation, but it's interesting you had those discussions because that was actually another – when I talked about the future, just let me go to this slide here: enhancing internal trade in the future. There was a working group formed. Who is sitting on it? It's the territories plus the federal government around food, and food innovation and moving forward.

The cost of food is very high. Distribution costs are very high to get the food there. They're working on different options, and a report to try to determine how can they work together to move forward and it's exactly what you're talking about.

I didn't put that in here, just it didn't – food is important to PEI, but that was a bit more specific. As a province, we're not sitting on that particular working group, but it's definitely very active and they're doing a lot of work on that front.

Mr. McIsaac: Okay, thank you.

Chair: Thank you.

Next, on my list, we're going back to Hannah Bell.

Ms. Bell: I'm back. Thank you, Chair.

This is a question for Ian. Hi, Ian. How are you doing?

Ian Burge: Hi, how are you?

Ms. Bell: So, government procurement; I know there's been a lot of conversation work done about sort of creating (Indistinct) of portals and access and sharing, but I'm interested to hear from you about incorporating perhaps opportunities for diversity in procurement contracts, including new opportunities for new startups and new businesses.

The example I'm thinking of is a couple. One is the Building Canada program which is done through OSME, which looked at awarding initial contracts for new startups to get an option to validate and test the product, but also give them that first sale; and then the other one I'm thinking of is WEOC, which is Women's Enterprise Organizations of Canada, that has supplier diversity contract agreements with some major purchases to ensure women-owned businesses have an opportunity to bid.

Has that been considered or is that something that's on your radar for procurement?

Ian Burge: There isn't anything in place presently for diversity, things like that, but it is something we can look at. I think there's – they set aside some in the federal CFTA for any small groups in procurement?

Kal Whitnell: Yeah, we have some – there's certain exceptions around for poverty and different things that we've taken, so –

Ms. Bell: Okay. Perhaps again if it's an opportunity to consider for future things, and when we have such – you know, we've got some really great resources like Startup Zone which is often again sort of getting people to a certain point and then it's: Now where do we go?

And so, thinking around government procurement can often feel like something that's not easy to get into. If you know how it works you're okay; and I know you've done some great work in terms of outreach and sort of educating people about how to

access that process, but something like that, that early purchase program is a really great way to think about connecting people into that market, but also giving them that experiential space.

In terms of the diversity (Indistinct), we know that that's a federal priority and it does require, again, a little shift of our mindset, but it is something that I would certainly strongly advocate from, from my previous role and into my current role.

Chair, my follow-on question to that is I would also be interested in how all of these activities take into consideration indigenous and treaty rights in terms of cross-border trade, interprovincial and jurisdictional trade, particularly where treaty spaces do not necessarily follow the same lines and barriers that we have under our colonial mapping and guidelines.

Unidentified Voice: That'd be more (Indistinct)

Kal Whitnell: Yeah. On the indigenous and the aboriginal side, they're excluded from the agreement, so they're not covered by the terms and conditions.

On the international side, it's interesting. Canada has a progressive trade agenda that they're currently looking at, and that's looking at modernizing the agreement to make sure there's the conversation and that there's commitments around specific areas like environmental protection, labour rights, trade in gender, and trade and indigenous as well; so between packages put forward and in the NAFTA negotiations as an example, and they will be put forward in future negotiations as well in terms of this progressive agenda to make sure that – Canada has a broad economy, and there's a number of segments to that that they want to make sure that all Canadians have the opportunity to partake and be included in that. So it's about being inclusive from a trade perspective.

Ms. Bell: Thank you.

Thank you, Chair.

Chair: Thank you.

Next on my list, I have James Aylward.

Leader of the Opposition: Thanks, Chair.

Kal, you had a slide up there during your presentation, and it reflected the amount of, the percentage of trade that goes to the US. I think it was 75% and in 2017 I think it indicated that it was – thank you – one billion?

Kal Whitnell: Yes.

Leader of the Opposition: Do you have figures for Mexico within the North American Free Trade Agreement of exports from –

Kal Whitnell: Yeah, they –

Leader of the Opposition: – another province?

Kal Whitnell: – would vary on a given basis, but it's – our trade with Mexico hasn't been as large.

Leader of the Opposition: Robust.

Kal Whitnell: I'd have to go back and confirm the numbers, but it's probably somewhere in the neighbourhood of, in any given year, between three and eight million dollars, but I can go back and get those numbers very quickly for you.

Leader of the Opposition: Okay.

Kal Whitnell: But I think there is definitely opportunity there, and as negotiations progress, Canada and Mexico are definitely very aligned in a lot of positions on the negotiations and trying to find convergence as well. So I think there is definitely opportunity to try to expand our trade in the next (Indistinct) and we'll see where the negotiations take us.

Leader of the Opposition: And I guess that's what my question was leading to, is essentially if for some reason NAFTA fails to a certain extent with the current administration south of our border, would there be the opportunity to have direct negotiations with Mexico to increase our trade dramatically to absorb some of the losses that we would have into the US market?

Kal Whitnell: Yeah, well the NAFTA wouldn't cease to exist, obviously. Mexico and Canada would still be part of it. I know there's a lot of speculation of whether the US may or may not trigger a notification to withdraw. That doesn't – even if they do trigger a notification, it's a six-month notification. It's not an automatic withdraw.

I know there's a number of potential scenarios that can come of that, but I know Mexico and Canada, there could be potential opportunities there. At the end of the day, you have to look at the overall impacts if there still is a NAFTA at all or if there still – or if the US withdraws from NAFTA and what does that mean?

As our closest trading partner the United States is still going to be critical, supply chains are already integrated. The fallback positions don't mean that we're going to not trade any longer. There could be some impacts, but we're currently conducting an assessment right now of what those impacts might be.

The federal government actually did an extremely good job of providing us with an analysis of what a potential withdrawal might look like, but from that scenario we're now taking it down to the provincial level. They did more of a sector focus. We're actually going to do it at the product level. As I'd say, anywhere between 40 and 50 of our top products probably represent more than 90% of our trade with the US, so we'll be able to get right down to a product level, understanding what those impacts might be if NAFTA happened to go away; and I'm not saying it will, it's just – there's various scenarios that could happen.

The goal right now is to continue to modernize the agreement. Negotiations are continuing. Negotiations just finished on Monday in Mexico and there's another round being scheduled for April. So they are continuing, and we want to make sure that we can try to modernize the agreement first. That's our first and foremost, but we are preparing and working with industry closely to understand. First we're doing preliminary analysis at the product level, but then we want to reaffirm our analysis or confirm our analysis with industry to understand if that's accurate.

Leader of the Opposition: Just curious: Has PEI or one of our producers ever had a trade complaint against them under the NAFTA agreement?

Kal Whitnell: A trade complaint? Not that I'm aware of, no.

Leader of the Opposition: Okay, good. Good stuff.

Thanks, Brad.

Chair: Thank you.

Next on my list I have Allen Roach.

Mr. Roach: Thank you, Chair.

I think we've all been paying attention lately and we're seeing what the US president has been talking about and he's kind of moved towards Canada with respect to steel, the auto industry, farming, lumber and a number of other areas. He's pointed out his dislike in terms of trade. He feels it's not fair, and he's thrown out that he wants to put large tariffs on products, particularly steel lately. Having said all that, he doesn't seem to have the agreement of most Republicans in his House; but nonetheless, he has some pretty strong rhetoric around that.

We import a lot of raw steel and different raw steel products. A lot of companies on Prince Edward Island, I could probably sit down and name four or five, they take that steel and they re-fabricate it. In some cases, that steel that we brought in from the US is re-fabricated and sent back to the US. Some if it is shipped across Canada. I know a lot of it goes to Alberta, and a lot of our re-fabricated steel goes up to northern Canada, to the territories for construction. We have some tremendous contracts up there.

In terms of the US, how does that work when we bring in steel from the US, and then when we re-fabricate it, we send it back and now we have to pay big tariffs on the product that was theirs to begin with here in Canada?

Kal Whitnell: That's a great question. I think we'll have a better understanding later this week in terms of what that announcement that was made last week by

the US administration on the steel and aluminum tariffs on imports.

We don't know the scope and breadth of what that policy looks like at this point in time. We need further details before we can – we've had similar questions from industry here on the Island, as well, and companies. To understand what does this mean? How is it going to impact me? What if I am using – sourcing product from the United States, bringing it up, manufacturing it and sending down a value-added product?

There's a number of considerations being made here. It's too early to say until we get a broader understanding. It's safe to say that we have a number of companies on PEI that, depending on the breadth and scope, could be definitely harmed by something like this.

Mr. Roach: Chair?

Chair: Go ahead. Yes, Allen Roach.

Mr. Roach: Thank you. And just – I have a number of questions, Chair.

Chair: Yeah. Go ahead.

Mr. Roach: Thank you.

Having said that, the US is our largest trading partner. I know a couple of companies that have grown. They, a few years ago, they had like 60 employees and now they're up over 240. I'm concerned about the impact that that will have.

I'd like to hear what the companies on PEI – I'd like to hear what they've been saying to you. What are their fears?

Kal Whitnell: In terms of the fears, what we're hearing is –

Mr. Roach: And concerns.

Kal Whitnell: – yeah. And keep in mind this is very early days –

Mr. Roach: Early days, yes.

Kal Whitnell: Yeah. And we've probably had discussions with a few of the key players. A) they want to know what the scope is first, what products might these tariffs might be applied to. That's the first

and foremost. Is it going to be applied to all finished products, or is it just the raw product? First, you have to understand and get understanding of how it's going to be applied.

From there, they start to talk about: How am I going to absorb these additional costs? What does this mean? It's interesting, these companies, they've established supply chains. They have established customers already in the United States. What they're hearing from the – they're talking daily already with these, with their US clients and customers. Their US clients and customers have fears, as well. They're saying, I know we have existing contracts in place. What does this mean? We already have a fixed-price contract for the next X number of months or years. What does this mean if tariffs are imposed within 30 days? What does that mean to this contract? Obviously, I might not be able to absorb the – I basically set my price based on a certain profit margin. That tariff, if it's, is the 25% on steel might wipe that out. What does that look like?

There are further concerns that once, if and when, if, depending on this particular policy, if the US market starts to adjust and they start to lose some of these contracts, and business in the United States and south of the border, what does that mean for the rest of the players in the competition? It's going to be increased competition within the domestic market. They can – obviously, they have competitors not – within Canada, as well. There's other provinces sending a lot of steel products south of the border.

Canada is the largest supplier of steel products to the US of all countries. Their concern is as the US market starts to adjust they start losing contracts south of the border. There's going to be – it's going to be that much more competition to try to win contracts within Canada, as well in the domestic market.

There are a number of potential risks here and that's why it's so critical that we help with business. We've reached out to them. Our plan, right now, is we're hoping to set-up a recommendation as to set up a PEI steel-aluminum forum, both with our department and identify those 10 or 15 companies to work with them through this

process, and to understand early days; what does it mean? And then you can continue that dialogue to try to help make sure that we're working with them; they understand what the issue is going to be, and then help to support them where we can.

Mr. Roach: Of course, one of my concerns is on one your slides you said that we, you know, we made it over the \$1 billion mark this – in 2017 with our US. My feeling is it's what really put us over the top on that, certainly, was our – that industry in itself because that is the one that has grown so much over the last, I'm going to say five years. Certainly, we had great production in our agriculture industry, as well as seafood, but I have a strong feeling that that has a lot to bear.

As a province, we adjust our budget accordingly in terms of the province's spending based on our revenues. I have concern about the revenues should the US president move forward with tariffs and how that's going to impact our businesses. This might be a question, I suppose, for the comptroller: How important is it to our economy and to the provincial budget over our value of our exports both, I would say internationally firstly, and any impacts this might have domestically?

Gordon MacFadyen: Well, for sure, and I thank Kal for putting this chart up. The personal and corporate income tax is a fairly significant piece of the Island revenue stream.

We have seen some tremendous growth in corporate taxes over the last number of years. We're almost at unprecedented levels in corporate tax, which is kind of bad for business but it's good for government. But you don't have to pay tax if you're not making any money. The growth in corporate income tax would be some of those direct benefits that we would see from businesses doing well in the space. Then, when businesses do well they need to employ the citizens that pay income tax.

We've seen some growth in that. Not so much over the last little while. We had a little pull-back when, you know, the western workforce seemed to dry up a little bit. Some of our biggest exports were our people out to the oil patch. When that sort of

industry had a little pull-back we saw some of the provincial income taxes, personal income taxes, sorry, kind of flatten out a little bit. Definitely, with individuals working and contributing on PEI, they pay taxes and get services on PEI, which kind of keeps the cycle going. A strong and vibrant economy in PEI leads to the need for government to provide services and the need and the requirements for personal income tax.

At 24% or \$400 million there, it's a significant piece of the Island budget. Without companies, strong companies paying corporate income tax and making investments in PEI and in the workforce in PEI it would definitely be a hit for us.

Mr. Roach: Certainly, that's, I guess that's where I'm getting to is that we rely so heavily on revenues, and as the revenues grow our spending grows as a province, as well. I think we only need to look at the increase in spending in health care and in education, in particular. Those are large sums of money in both instances.

I guess my question is, depending on where this goes, how much of an impact could the potential loss of revenues be to the province and where does that leave us as a province? Where we now have got to the point where we're counting on those revenues in those, in those, you know, particular in those two areas that's continually to grow. This could have a – I guess I'm asking how big is the negative impact going to be?

Gordon MacFadyen: From my perspective, that's a very difficult question to answer because it's a very fluid market. The work that Kal had spoke about in trying to make sure that the companies, you know, adjust to the tariff and how can we assist them in the adjustment phase. I won't steal his thunder anymore. That's kind of what they're doing with the department of economic development is doing.

We'll see the impact when the bottom line comes out for sure, but that may be many years down the road because we'll adjust our budgets as the revenues become available depending on the surplus or deficit that any government wishes to budget in any one given year, but it takes time. If there is a significant shock government doesn't have

the ability to react quickly to change its spending patterns and habits.

Kal Whitnell: I guess, to add to that from a policy shock perspective, we don't know the length of time this might be applied. There are so many different variables that are unknown at this point in time. We wouldn't be able to quantify what this could potentially mean.

We know if it is applied it will have increased costs for business. What that means in terms of potential lost business in the United States? We don't know that yet. Companies are going to try to adjust, and if they can't sell into the United States they're going to look at diversifying markets, whether that's continuing to look at the domestic market and more opportunities where you have to adjust back to the domestic market, or there are other markets worldwide, not just on the steel side, but any product if there's ever an issue, diversification is another way to make sure you retain or grow your revenues and exports.

Chair: Okay, thanks.

Allen Roach?

Mr. Roach: Thank you, Chair.

Alan McIsaac mentioned buy-local, and of course that comes back to the internal trade, province to province. I notice that a lot of our grocery stores now carry a lot of product that's identified as PEI product along with other products from other provinces. I certainly see it where I grocery shop.

That brings me back to the Canadian Free Trade Agreement and the replacement of AIT. Could you bring that slide back up again, please? Okay, right there. CFTA enters into force and replaces AIT, so as of today, the Canadian Free Trade Agreement continues to have all the elements of AIT in it?

Kal Whitnell: It's a slightly different approach. It's a more comprehensive agreement. As I'd mentioned earlier, the Agreement on Internal Trade was a little bit more – there were chapters set up which were more sector-focused. The new agreement is more comprehensive and

applies across nearly all sectors. There was a few as I'd mentioned, like financial services, hadn't been negotiated yet, but it is in place and it's active and it's a much more ambitious agreement as well, especially if we're talking about tendering.

The openness that – we went beyond in terms of how many opportunities there will be under tenders domestically than within the European Union. Obviously that was a critical piece that provinces and territories, as I'd mentioned earlier, were being asked by the European Union as part of the negotiations to give better access on government procurement.

When we came back on the domestic framework negotiations, we actually went much deeper than we did with the European Union. So we do treat ourselves even better across the board in terms of opportunities.

Mr. Roach: The Canadian Free Trade Agreement prohibits discrimination of goods, services and investments based on their province or territory of origin, and we're seeing a lot of, certainly in the US, protectionism when it comes to trade.

The concern I guess comes where now we see it province to province in a number of instances in Canada. Is that something we should be concerned about under the – because even on internal trade we're seeing protectionism now, and we're a small province. We rely heavily on all of our exports whether they're domestic or international.

Do you see a trend of this kind of protectionism starting? I guess I'll refer to BC and Alberta. It's like they're using that kind of as a wedge because of a federal issue. Is that correct?

Kal Whitnell: Well, federal had made a decision on how to proceed, and then it's really a – I put the slide up again around trade protectionism, and if you look at the examples we have there in terms of the pipeline and wine that we're talking about now; license plates, Alberta-Saskatchewan; beer markups, which was Alberta – a lot of these are bilateral issues. They're not necessarily national in scope in a lot of cases.

It's something we have to be concerned about, but the concern would be is if you start to go against your obligations of set policies within your province that are clearly going to violate or breach the terms of the Canadian Free Trade Agreement, you run a higher risk of being retaliated against. That's the first statement I would say.

The other statement about some of these disputes would be that they are politically motivated. You have to look at these as a case-by-case basis. You have to look at which governments are currently in power within the provinces, and a lot of these decisions and why they may retaliate, there's political motivation behind it.

So yes, they do have commitments under the Canadian Free Trade Agreement. Would banning a product or blocking a product such as wine into your jurisdiction, that's offside on the trade agreements; but they're using that as a mechanism because of another concern. We just have to make sure that we are following our commitments and obligations and when we do set policies, if you're really trying to focus in on the local side, you've got to make sure it's within the confines of and you look at that trade lens.

Mr. Roach: Chair, we talked a little bit earlier about procurement and where it's province to province, that sort of thing. So if we have a procurement issue and the provinces raise up their flag and say: We don't like the way that happened. And they move to the dispute resolution process, who makes up that regulatory body to deal with a dispute? Who decides who that body is going to be, and how does that roll out in a dispute? I know you did have a –

Kal Whitnell: Yeah. Within the Canadian Free Trade –

Mr. Roach: Within the Canadian Free Trade.

Kal Whitnell: Yeah, so there's a dispute resolution chapter within the Canadian Free Trade Agreement. That doesn't apply to government procurement. One of the big items that was negotiated in the new trade agreement was that there's going to be a bid protest mechanism that's set up.

The old agreement really didn't have much teeth. If you ever ran into an issue and you had a tender and something happened, you bid on it as a small company and these small companies have to determine where they're putting their resources if they're trying to go into another jurisdiction, and there really wasn't much recourse in terms of challenging that.

Now what happens is every province has to set up a bid protest mechanism which is a quasi-non-judicial-type body. So we will be setting something up. We have to look at the framework of what that's going to look like, but it has to be independent from government and allowed to make those decisions so it's an independent forum that wouldn't be challenged, too.

There's very strict timelines. When you're trying to deal with a trade dispute and dispute resolution the timelines are typically, if it's not government procurement, a little bit longer, because there is a consultations phase and everything else; but when you're talking about a tender and a procurement, those could be only out on the street for two weeks or whatever it might be, so you have to deal with these quickly.

The timeframes are much reduced under a bid protest mechanism, and the results are – there's a little more teeth now. There could eventually be costs and/or compensation awarded, (Indistinct) depending if there was a breach or not of the terms of the government procurement chapter.

Mr. Roach: Okay, so the government of PEI puts out a tender for whatever the assets may be, whether it's vehicles or whatever it is. We put out a tender, and another province comes along and says: You know what, you awarded that to such-and-such a company, it should have gone to this company in Halifax. Under – how does that work with a government procurement? I don't know, Ian, if you've ever dealt with any of those.

Ian Burge: Fortunately, we haven't had to deal with any so far.

Mr. Roach: Okay.

Ian Burge: Usually it would be in consultation with Kal, and then we would take it to the trade level –

Mr. Roach: Okay.

Ian Burge: – and then it would work out that way.

Mr. Roach: Okay.

I'm okay for now. I'll probably have a couple more, but –

Chair: Thank you, Allen.

We do have some people that have been added since then.

Mr. Roach: Thank you for the time, Chair.

Chair: Oh, thank you for the great questions.

Moving along to Hannah Bell, please.

Ms. Bell: Thank you, Chair.

This may be out of scope, in which case short answer. Is securities licensing and securities regulation part of considerations when we're looking at sort of interprovincial agreements?

Kal Whitnell: In the financial services?

Ms. Bell: Yeah.

Kal Whitnell: Yes.

Ms. Bell: Yeah.

Kal Whitnell: That's – I'll go back to the slide there and (Indistinct)

Ms. Bell: I did have it in my notes, and I couldn't –

Kal Whitnell: Yeah –

Ms. Bell: Okay, so –

Kal Whitnell: – so if you look at further trade enhancements –

Ms. Bell: Okay.

Kal Whitnell: – financial services is an area that is definitely in scope in international trade agreements.

Ms. Bell: Okay.

Kal Whitnell: We have – provinces and territories have been, have provided transparency around where, in terms of financial services, we didn't know if it would apply the same domestically. There's a lot of work going on in securities and other areas of financial services sector. We didn't know if there was necessarily a need to incorporate and have something within a domestic framework. Internationally, it makes sense because there is cross-border trade in financial services.

Domestically, we're still exploring what that looks like and especially on the securities side –

Ms. Bell: Sure.

Kal Whitnell: – if there's consideration. We're going to be – those discussions are underway and there's going to be a potential, I guess, options and recommendations put forward.

Ms. Bell: Okay, Chair?

Chair: Hannah Bell.

Ms. Bell: My follow-up question is, going back to the start-up world there's been quite a bit of discussion over the last couple of years around equity crowdfunding. There are a number of provinces that have made exemptions to allow start-up crowdfunding for equity.

Actually, New Brunswick and Nova Scotia both have an exemption in place, as well as BC and Saskatchewan. I'm not sure about Quebec; but we do have, sort of, again our Atlantic bubble has already begun to do some changes in that. It is something that is of interest again, into the start-up space here, in terms of allowing start-ups another route to be able to perhaps bootstrap through with by having another source of potential revenue other than government.

It would be interesting to see whether that can be looking, again, at what's already in place where we could get that onto the list of something that would be worth looking at. Particularly, when there are other provincial jurisdictions that can share their experiences, best practices and things to trip over.

Coming back to, sort of, our local expertise and Startup Zone, relationships that we have there with other provincial jurisdictions, it could be something that could be worth exploring and perhaps to extend the conversation with them.

I'm involved with an organization called the National Crowdfunding & Fintech Association.

Kal Whitnell: Okay.

Ms. Bell: They have some really good resources as well. It'd be – I'd like to see that included in the conversation if possible.

Kal Whitnell: Maybe we can have a further discussion after –

Ms. Bell: Sure.

Kal Whitnell: – this session.

Ms. Bell: Thinking off-line perhaps.

Kal Whitnell: Okay.

Ms. Bell: Thank you, Chair.

Chair: Next on my list I have James Aylward.

Leader of the Opposition: Thank you very much, Chair.

Kal, you had referenced the Comeau case earlier in your presentation and how that might impact. My understanding is that pretty much every province across Canada put in a factum around this. Do you know how much in legal fees this has cost the province of PEI so far?

Kal Whitnell: I was not involved with the submission that was put forward by the province, so I don't know.

Leader of the Opposition: Okay, fair enough. Do you know, from your position, what the province's position is in the potential outcome of this case as far as the flow and "free the beer", I believe the case has been referred to, or referred as.

Kal Whitnell: I think, I know it's free the beer, as you say, but it's much broader than that in terms of, if you're looking at it in

terms of the Supreme Court submissions that were made by provinces. Moving forward, I think it's still looking at the right to regulate and maintain, especially at the provincial level.

In terms of moving forward, I think the position would be, obviously, you want to maintain the ability for provinces to be able to regulate in specific areas like the environment and different areas in the public interest like education and health. I was – that's, I believe, most of the submissions were centred around that. I believe every province – I haven't read all the submissions, but I believe every province would bring something unique to the table. So the supreme court could hear if there's something specific for PEI.

I know a key area that they did identify for PEI was the lands protection act because it is something that is unique to PEI. I know that we do have some regulations and policies around that that are obviously unique relative to the rest of the country. That's pretty much what I would say from that perspective.

Leader of the Opposition: I can certainly appreciate why a province would be very concerned with regards to protecting, protection of the environment or health care, education, things like that, but interprovincial trade with regards to a manufactured product, like an alcoholic product, I think should certainly be looked at in a different vein.

We have raw products such as potatoes that go back and forth between provinces and there seems to be a lot less restrictions on that than there is on alcohol. So, if the Supreme Court does rules against the New Brunswick government what consequences could that have potentially on Prince Edward Island?

Kal Whitnell: I wouldn't want to provide an opinion until we see what the decision is. I don't know and I can't speculate yet.

Leader of the Opposition: Okay, thank you.

Chair: Thank you.

Next on my list I have Alan McIsaac.

Mr. McIsaac: Thank you very much, Chair.

You had a slide up there showing about the deal sort of between the western provinces, Quebec, Ontario and eastern provinces. It's interesting, I think three years ago we hosted the agriculture ministers here and the BC minister was all over it.

His main focus at that meeting was wine. He wanted to get BC wine into all the provinces. There's a lot of players involved here. Agriculture ministers usually don't head a whole lot of the trade issues. Of course, then, there's the (Indistinct) and that sort of thing.

I'm just wondering, with the new Canadian Free Trade Agreement, are we breaking up or doing away with these groups or do they trump deals made under the CFTA or – I just want an answer to that one first. Are they still going to be in place even if we have a CFTA?

Kal Whitnell: The CFTA is in place. The first one on the list, the Agreement on Internal Trade ceases to exist because the CFTA –

Mr. McIsaac: Right, yeah.

Kal Whitnell: – replaced that. The other two agreements, the New West Partnership Agreement and the Trade and Cooperation Agreement – and these aren't all the agreements domestically, I just listed a few –

Mr. McIsaac: Right.

Kal Whitnell: – those will continue to exist between – within that region. We still have a clause within the Canadian Free Trade Agreement that if you want to look at further trade enhancement agreements or trade agreements domestically then CFTA does not block you from you doing that. You can still pursue that.

In terms of what trumps what, it really depends on what the provisions of the agreement are. I think you have to look at, typically, an agreement, let's say if you're looking at the New West Partnership Agreement, first there's the Canadian Free Trade Agreement. You'd have to look at the terms and the conditions and if there's an

issue with one of those, between two of those four provinces in the west, they would have to determine what their best course of action is if they feel that they had to deal with a trade issue and they wanted to actually challenge it. They may look at the terms and the conditions under the New West Partnership Agreement. Then, they'll look at the terms and conditions under the Canadian Free Trade Agreement from a dispute resolution perspective and make a decision on what they feel would be the best course of action.

Mr. McIsaac: Should it be called the Canadian free trade agreement, but not totally free because you can get a better deal if you go into the Atlantic procurement or Quebec-Ontario or whatever?

Kal Whitnell: I wouldn't necessarily say it's a better deal. It's a different deal and it only applies if the parties are part of that deal.

The new west partnership would only agree to the British Columbia, Alberta, Saskatchewan or Manitoba. It doesn't necessarily mean that it's a better deal or more liberal in terms of trade in all areas. You'd have to look at each of the agreements on a case-by-case basis to determine what – like it's difficult to compare because there's different provisions and different commitments made.

Mr. McIsaac: Do we have the option, say, PEI, of joining the western partnership?

Kal Whitnell: We could reach out to them and have those discussions and determine if we figure that yeah, if there were benefits, reaching out, having those and potentially entering into negotiations. We could do that.

Mr. McIsaac: Okay.

Kal Whitnell: Now, they would obviously have to accept our –

Mr. McIsaac: Yeah, yeah.

Kal Whitnell: Yeah.

Mr. McIsaac: Thank you.

Chair: Thank you.

Actually, I just wanted to ask a few questions myself. I'll come right back to you.

The first one I had dealt with when national procurement, national tenders go out and they have requirements that the companies be able to provide services or products to all of the provinces. I mean, I'm thinking in particular things like the contracts that were awarded for high-speed Internet access. You know, you had Xplornet was able to bid on that, but then some localized companies really just didn't have the scope that they could bid on the contract.

Are there mechanisms to dispute those sorts of things, or are those the sorts of discussions that happen nationally, and sorry, provincially/federally, and do you look at the national procurement though that lens at all?

Kal Whitnell: A number of points made there; in terms of – are you referring to a specific Internet contractor or just –

Chair: Well –

Kal Whitnell: I'm trying to understand the scope here. You've talked about a national contract versus – are we talking about a national-federal contract or a provincial contract?

Chair: I'm thinking of a federal contract when the federal government says: We're looking for service providers to provide a service across Canada and we're accepting bids.

I can think of cases where it might be service agreements. I was a consultant with the federal government, for example, and they wanted to have just one agreement with one company for the national level, and then they would subcontract out in that case to local companies.

In the case of high-speed Internet, you have a company like Xplornet who would win the national contract, the way I understand it and correct me if I'm wrong. Then they, because they had the presence and the scope, they could actually provide high-speed Internet to rural areas across Canada; but it meant that more localized companies, for example on Prince Edward Island, and

there's a number of them, really couldn't bid on that national contract. So they were excluded, essentially, from the process.

I was wondering if those discussions ever come up. Do you talk about them to the federal government about that or are there mechanisms to dispute that sort of thing?

Kal Whitnell: I wouldn't necessarily say that those type of programs fall within government procurement at the federal level? It's a federal contribution program to help for business development, so anyone has the opportunity. They set criteria. It's like any type of funding program that we might have through Innovation PEI to help support businesses.

They view right now – and the federal government has gotten involved – view that Internet is a critical area that is becoming more of an essential service. They want to help support industry and especially more, I guess – their biggest objective is to make sure that residents and businesses have access to the best Internet possible.

So they have – these are federal funding programs that wouldn't fall within the scope of a government procurement contract per se. Any company can bid on it. They have specific criteria you have to follow, and they had so much money in a basket that they were allocating. You submitted an application and they'd choose the companies or the submissions that they feel should win that particular bid.

Chair: So just to clarify, it sounds like it falls outside of the agreements that we've talked about today, because it's really in a different basket of money.

Other case for – do you know, and maybe this is outside of the scope of this discussion, but are those cases where the provinces would have to negotiate with the federal government just from a minister-to-minister sort of level to raise those sorts of concerns?

Kal Whitnell: I'm trying to get to the understanding of the question, but those are federal decisions or federal programs, and they make the decisions on who would be allocated the funding based on the applications that are submitted and whether

they meet the criteria, and they'd look at the submissions that have the greatest benefit and then those are the ones that they would fund.

Chair: Thank you.

Allen Roach, you have some questions?

Mr. Roach: Thank you, Chair.

There were a number of questions brought up earlier about small businesses and they run into barriers in funding and that sort of thing. So government does provide financial support to startup companies to help them grow; to help them prosper? Should we be concerned if at some point in order to get that company involved in trade outside of the province, should we be careful about the support that may come at that point after you've already provided support in the initial stage to get them to grow? Now you're going to provide support financially to get them into the trade field. Would we be then kind of looking down the barrel of you're subsidizing that and therefore we're going to take issue with that from our trade partners?

Kal Whitnell: That's definitely something you have to look at in terms of what types of subsidization or incentives that you're looking at. There is a chapter in the Canadian Free Trade Agreement. There are disciplines within the international context as well as around subsidies and incentives.

Typically, as long as it's available on a horizontal basis across all sectors, you're reasonably safe. As long as you're not discriminating from that perspective, you're usually onside with the trade obligations, but you have to look at it on a case-by-case basis.

This does go back to the risk assessment I was talking about in terms of your policy decisions, that you have to make sure you're looking at it through a trade lens. Is it going to have an impact on trade, for one, and is it going to have an impact on another party or jurisdiction within Canada or their suppliers? That's something that you really have to look at.

Mr. Roach: I'm going to switch gears a little bit here. It made me think; it was a

question that Alan McIsaac had brought up when he was talking about can we join with that western group. So I take it right now we have no problem in dealing with any of those provinces through the Canadian Free Trade Agreement?

Kal Whitnell: We have the same access or even, in some circumstances, a little bit better access (Indistinct) a couple of those provinces based on –

Mr. Roach: Based on certain things.

Kal Whitnell: Yeah. I think it's something that, as a province, we always to review and assess, and I think that's something that we'll always look at, doing an analysis. Does it make sense to approach another region when there is a regional agreement in place, to say: You know what, we feel that yes, the Canadian Free Trade Agreement went so far, we feel that there's a further opportunity to help support our business and our economy if we're looking at another agreement and there might be something within their agreement that might provide you a little bit better access. You'd have to do that assessment and make a determination if you want to approach them and potentially start to try to launch negotiations and enter into negotiations with them.

Mr. Roach: And with that, and going back to what Alan McIsaac said again, we have – and we see it and we hear about it all the time that our neighbours to the north are always having difficulty getting produce and product.

Is there a way or a roadway through the Canadian Free Trade Agreement where there could be some sort of subsidies to ensure that product gets there from – whether we want to send potatoes and lobsters up there or whether Alberta wants to send grain up there, grain products or whatever the case may be, that could be subsidized in some way without –

Kal Whitnell: I'm not sure I'd call it necessarily a subsidy or incentive in that case –

Mr. Roach: No.

Kal Whitnell: – in the technical definition of it, but I think it's something you'd have to look at from a business development perspective into how you – and I think that's why that working group was formed, to try to look at ways to modernize and improve and enhance the area of food, especially in the territories. So that's what the federal government's working on with them right now. They obviously have different concerns in the rest of the country so I guess that's how my comments would be on that for now.

Mr. Roach: Okay.

Chair: Thank you.

I have some more questions as well.

I wanted to ask you: You had a slide that referred to monopolies, and part of the trade agreement was looking at trying to limit those, (Indistinct) investment protection of monopolies and government enterprises.

On Prince Edward Island right now, I know there's a number of Internet service providers that would like to access the high-speed backbone of, for example, Bell Aliant and EastLink, but they can't actually figure out where the high-speed backbone is and the companies are refusing to give them maps. Would that fall under that monopoly trade rule, and would that be covered by either CFTA or perhaps another one of the agreements?

Kal Whitnell: That wouldn't fall under the disciplines of a trade agreement, trying to access that information.

Chair: So let me ask: What do you mean on your slide when you talk about monopolies then, and how the CFTA applied to them?

Kal Whitnell: Monopolies and government enterprises refer to entities such as the PEI Liquor Control corporation would be the main one. So where there are slightly different provisions and there are separate chapters around – we call them MGEs, or monopoly government enterprises. there's different procurement rules depending.

They still have to follow procurement if they're, let's say, developing or constructing a building or something like that or a new

site. Obviously that has to fall within the parameters of a procurement; but in terms of really what it's stating is – and this would happen in the energy sector as well would be another monopoly or government enterprise in a number situations.

Basically the crux of it is that you have to make sure that you're operating under commercial considerations and making sure that you're not charging, if it's on the energy side, certain customers. You can fluctuate, but it can't be, say, well, all my domestic, local companies are from here, I'm going to charge them one rate and then if a foreign supplier comes in here to operate you charge them something extremely high. You can't do that. It has to be under commercial considerations and that's a legal framework that has to be followed.

It applies to those types of monopolies that – in their liquor control corporation. There are certain disciplines for their – as an example when they, obviously, they control the import and sale and distribution of alcoholic beverages. That's not considered government procurement, but it has to follow commercial considerations. You have to give everyone a chance to enter the market.

Chair: Thank you. I have another question.

Kal Whitnell: Sure.

Chair: Recently, some of the home care services were outsourced, and the Medavie contract was expanded. Of course, no tender was issued. The government's reasoning was: We don't have to issue a new tender, we're expanding the current contract.

Under the various trade agreements that exist, is it possible for other companies to put in bid disputes if they felt they could have competed for those home care services or because they had a contract in place do the trade agreements just totally exclude?

Kal Whitnell: I'd have to understand a little bit more in terms of what that specific initiative was about, but, in general, health and social services is excluded from the trade agreements.

Chair: Okay. Another question I had, and it was related to an entity that I don't, I admit,

know a lot about, but it's the so-called Ocean Supercluster and the money that's coming into the Maritimes through that.

This is another case of potentially where the competition details were tailored in such a way that you had to be a corporation of a certain size in order to qualify, or have a certain presence and these sorts of things.

I was wondering, again, if any of the trade agreements would allow for, any of the dispute mechanisms, for smaller companies that would have liked to access some of that money to put in a dispute because they're excluded.

Kal Whitnell: Again, there's special provisions, and I can pull them out. I don't have them right in front of me, around the regional economic development agencies, like ACOA. There's about six of them across the country in western, et cetera.

Obviously, the ocean cluster, I think you're referring to the federal funding that's coming down. That's something – they set up criteria and they make sure – I'd have to look at the details of how that's being distributed. In terms of the trade agreement, they do have special provisions to be able to provide that economic development dollars.

Chair: Another question from me: Allen Roach had talked a little bit about the bid protest mechanisms, I believe. We actually had Mr. Burge and Mr. MacFadyen in; I think it was October, 2016. Then, we talked specifically about the Atlantic Procurement Agreement and some of the mechanisms there.

In that agreement there is a committee that monitors. At that time, the committee meets quarterly. I'm just reading my notes, and acts on complaints to them, but in the previous eight years there had never been a challenge to any tender that violated the agreement.

I wanted to know, since that time in the fall of 2016, have there been any challenges made? I wanted to know if the new, the bid protest mechanism under, I guess it would be under the CFTA would dovetail with that one under the Atlantic Procurement Agreement?

Kal Whitnell: I guess, do you want me to take the lead in there –

Unidentified Voice: Sure.

Kal Whitnell: – and if you have to fill in – okay. As I said, the Atlantic Procurement Agreement, right now they're reviewing the options on how to proceed because it references the old AIT or Agreement on Internal Trade. They're looking – we're looking now and reviewing what are the next steps. Whether we re-negotiate that agreement or suspend it or withdraw from it. We don't know what the next steps are.

In terms of the complaints, not to my knowledge were there any official complaints under the APA. Basically, it was a shell agreement. There were lower threshold levels within, but all of the terms and conditions really referenced the old Agreement on Internal Trade. It would have default to a lot of the provisions and commitments in the larger national agreement at the time.

Under the CFTA, as I mentioned moving into today's world and current view, if there is a challenge, yes, there is – there would be a mechanism whereby suppliers could reach into their government, talk to their government and put forward a complaint on a particular procurement that could be pursued if they feel there is a breach of the commitments of the trade agreement in particular.

Chair: In the Atlantic Procurement Agreement, I believe it's any tender under \$10,000 has really no restrictions on it.

What are some of the thresholds in the CFTA and is there a threshold like that where any tender under \$50,000 has no restrictions?

Kal Whitnell: Yeah. The CFTA, there's, basically, there's different, I guess, buckets or classifications so, it depends if you're a department or agency or if you're a Crown corporation or if you're the MASH sector; municipalities or academia, like the post-secondary institutions, there are different threshold levels depending on which category or classification you fall within.

Chair: Okay, so can you give some examples of dollar amounts?

Kal Whitnell: Sure. Departments would be \$25,000 on goods; \$100,000 I believe on services and construction. On the MASH sector, if you can just (Indistinct) –

Ian Burge: MASH sector are \$100,000 for goods and services and \$250,000 for construction.

Kal Whitnell: Then Crown corporations such as your PEI liquor control corporation, I believe, are \$500,000 goods and services; \$5 million for construction.

Chair: I'm thinking of those numbers and they're reasonably high, especially for a jurisdiction of Prince Edward Island's size. One of the government tenders that I'm particularly interested in is the Provincial Protein Tender. I know we talked about that before at that October meeting in 2016.

I was wondering if any changes have been made to that Provincial Protein Tender to make more specific details put in the tender so that it could allow local companies more easily to win that. I'm wondering if, even with the Provincial Protein Tender if the numbers in it might even be low enough that, in fact, it wouldn't actually trigger any of these dispute mechanisms.

Again, and to the comments of Alan McIsaac, as well, we're a trading province, so we don't, of course, want to endanger our trading relationships with our provincial partners or our international partners just because we're trying to support local. I wondered if you're encouraging Health PEI to look at that in your department and if you think there's some hay to be made there?

Gordon MacFadyen: For sure. We're always looking at how to do things a little bit better, and we take the comments of the committee at heart. At the same time, you know, the Health PEI is in the health care business. They get funded dollars through the Provincial Protein Tender to feed the patients. They're kind of reverse engineering how many calories a day at what variety they need to put on a menu. There are professionals out there that are doing that. To make sure that you have the right commodity in the right quantities at the right

time at the right price is a consideration that you have to weigh between the buy local campaign.

Just to use one example: We have some of the best strawberries in the world –

Chair: Yeah.

Gordon MacFadyen: – for a couple of weeks during the year, a month during the year. Well, a hospital runs 12 months a year and if you're going to put strawberries on the menu, you're going to get them from California for the other 11 months of the year. That kind of puts a complicating layer in the procurement cycle because we're not going out every month for a particular commodity.

For sure we're taking and looking at that particular initiative. I think the Provincial Protein Tender in itself is around \$1 million a year between the hospitals, the health care manors and the provincial correctional institutions. It's big business, but it's got a lot of lines in it, too, right?

Chair: Yeah.

Gordon MacFadyen: There are a lot of different commodities that are in there, and to start singling out individual commodities to get delivered to 11 or 12 locations through the Island, you have to be a business of a certain size that can serve us, as well.

That's where the economic development front comes in to make sure that we have businesses that are robust enough to be able to supply in and meet the demands 24-7, 365 days a year.

Kal Whitnell: In addition to that, local companies are not precluded from bidding on that tender today. They're encouraged to bid on it. Obviously, have to look at – work within the criteria and the standards that they're looking for. As you talk about, the servicing and the distribution of the product across the province as well, in terms of that specific tender local companies are winning more than their share and definitely more than 50% of the contract today. There is local purchasing that is happening on that tender.

Chair: I'd like to continue with another question.

Recently, the Centre for Local Prosperity came out with a study and they're located over in Nova Scotia, I believe, and they said that if 10% of PEI imports were replaced with local products it could create more than 3,400 jobs and increase GDP by \$314 million.

Now, I wanted to find out if you agree with their analysis, if you think that – or if you have programs within economic development and tourism, or Department of Finance, that are specifically targeting import replacement to try and achieve some of those numbers they talk about; just in general, what sort of approach you think that the province should take to trying to replace imports and gain some of those huge benefits, like 3,400 jobs and over \$300 million to the GDP.

Kal Whitnell: I haven't read that report yet, but in terms of business development that is something that our department does in terms of Innovation PEI working with companies, and also Finance PEI. So, there is a lot of work going on with companies today in terms of business development in trying to make sure that they can continue to grow and prosper and reach new markets as well.

I'd have to take a look at the specifics of what the assumptions were under that study before I comment specifically on what that would mean, but in terms of import replacement, what's that going to cost you? I don't know what the assumptions were. How much money would you have to put into these companies in terms of import substitution? We might not be producing that particular good or growing that particular product today, so I'd have to take a little bit closer look of what that study is saying before I would say yes, it makes sense, or it doesn't make sense.

Chair: When you're talking about the trade balance, there's exports and there's imports and you can either grow the exports or you can reduce the imports and then you can change that balance. I'm sure there's something that you look at within the different departments, say the finance, economic development and tourism.

I'm wondering, have you done your own calculations and have you targeted any sectors where you think we could do import replacement on PEI so that we can achieve some of these benefits? I'm wondering what kind of calculations you've done in the department that shows some of these potentially huge benefits. Do you think they're this big or not?

Kal Whitnell: I think over the past few years there have been positive gains in terms of reducing our trade deficit from that perspective. Obviously, exports have been growing. Last year was a little bit different with imports because we had the submarine cable, which is pretty much all imported product that came in for that, but – yes, I think there's opportunities, but I think more from what a government could do is they want to make sure that industry, – and you try to engage and make sure that industry is having a dialogue with one another.

I think what can happen is if there is a transport company that's shipping product on a daily basis across the bridge, if their trucks aren't full, well, maybe they can utilize – if a company is already outsourcing to someone else that might be out of the province, then there might be an opportunity there to look at utilizing existing services as an example.

I think it's trying to mobilize industry and making sure to see if there's any areas where companies – there might be an alignment in terms of what one company is producing and how they're doing it and whether another company could actually feed into their supply chain or whatever it might be.

Chair: Thank you.

I realize that's maybe a little bit out of scope of this particular discussion so I appreciate that.

Al Roach, yes.

Mr. Roach: Thank you, Chair.

Just a couple of questions, and one that comes from what the Chair was speaking about there. When we're talking about those balance of imports versus exports, would you say that – I mean, you get to a certain point, but the consumer in some instances is

going to drive that in terms of the product that the consumer wants?

Kal Whitnell: Well, there's going to be situations in PEI where there's – obviously we import certain products because we do not produce it here. I mean bananas, oranges, orange juice – it's not something that we produce here, so there's going to be a lot of products that we have to bring in; motor vehicles or whatever it might be –

Mr. Roach: Motor vehicles, big.

Kal Whitnell: – so yes, there's going to be consumer choice but as a smaller province, and I referred to earlier on one of my last slides just around the idea of a small, open economy, we are open for business but we have to import a lot of product as well. We need that opportunity to export as well, so that's really the essence of trade for us and we've got to make sure there's open trade for various reasons.

Mr. Roach: This goes back to an earlier question. I forget who asked it, and you may not know the answer to this and if you don't, that's fine, but I think if we look at our largest beer-brewing company in Prince Edward Island I think it'd be safe to say that the vast majority of their product that they produce is exported off of Prince Edward Island.

Kal Whitnell: I don't know the ratio, but they are continuing to grow and they are continuing to look at export markets. I know they do ship to Alberta plus other, obviously, provinces in the region, so -

Mr. Roach: Nova Scotia and New Brunswick.

Kal Whitnell: Yeah, New Brunswick.

Mr. Roach: Having said that, what would prevent British Columbia wineries from coming to an agreement with the liquor control commission on Prince Edward Island to sell their wine on PEI?

Kal Whitnell: Nothing. They would have to approach the PEI Liquor Control Commission if someone wants to come and get listed or get put on the shelf. That's something they would talk to the PEI Liquor

Control Commission who imports and does the distribution and sale.

Typically, from there what happens is if, from my understanding, they will allow products on the shelf and then it becomes an economics discussion. Once the product is there it becomes: What is the demand for it and does it make sense to retain that product on the shelves if it becomes an economic (Indistinct)? Because at that point, it's consumer choice of whether they're going to buy it or not.

Mr. Roach: I guess another part of the reason for asking that question is often I hear people say: Why can't we buy wine that's made in BC? Yet, we can buy wine that's made in Australia, New Zealand, Chile, Argentina, California.

Kal Whitnell: But they still have to reach out and say: Yeah, I want to sell in PEI –

Mr. Roach: I want to sell there.

Kal Whitnell: – and get listed.

Obviously you can't – stores are only so large. You're not going to be able to have all products within Canada on your shelves. It doesn't make sense, plus there's not going to be a demand for every product either.

Mr. Roach: Right.

Kal Whitnell: So there are a number of considerations, but the process is in place where that request can be made to be listed.

Mr. Roach: Thank you.

Thank you, Chair.

Chair: I just have two more questions, and feel free if anyone else has any to get in.

The first one I have, and you did mention this briefly but I wanted you to clarify: when it comes to NAFTA and CETA and the CPTPP and then some of the other – you mentioned the agreements with China and the Brexit impact and WTO. People are worried that when it comes to local procurement, that some of the international players will be able to dispute contracts that are awarded and so it would allow a company from France that wants to sell their

cheese on PEI to displace a contract that was to, say, Cow's Creamery or Glasgow Glen Farm, this sort of thing.

Is that true? Is that a scenario that could happen, and how likely do you think that is?

Kal Whitnell: You mention cheese, but that's probably not something that –

Chair: Not a good example.

Kal Whitnell: – would fall – no, but the CETA would be the obvious one. It's the most comprehensive, the Canada –EU agreement in terms of government procurement and obligations and commitments.

The threshold levels are extremely high, and much higher under the international context than they are within the domestic context. If you're saying you can come in here and bid on – once a – if we're going out to tender and it's above the threshold level, yes, we have to open it up and make that available to Europeans and other countries as well in terms of their suppliers; but that's only above a certain threshold, and thresholds are – they do change. There's a specific formula – special drawing rights to a specific formula they use to identify the level of threshold.

We're talking half a million, probably, 500,000 roughly. It does vary for goods and services. Construction can vary anywhere between \$7.5 million, \$8 million typically. These are very large thresholds.

We have gone out as a province, and gone to open competition in those instances. A perfect example is the wind farm or the submarine cable. We don't have those types of suppliers in the region, let alone nationally, in a lot of cases. You can understand why we have to go overseas or the US, and whether it's through Spain or Denmark or other countries that might be able to supply and develop those unique types of turbines or whatever it might be. Those are instances when you would go out.

Now, there is a bid protest mechanism within, very similar, and we, kind of, mirrored the bid protest mechanism in the Canadian Free Trade Agreement that we're doing for international. If a company

internationally wants to contest a breach of the rules, they cannot contest it under the Canadian Free Trade Agreement because they're not a Canadian company. They'd have to do it under the international agreement.

Chair: Thank you.

That does clarify it a bit. I think it's good news for local producers because the threshold is so high. I mean, companies, larger companies like Cows Creamery might hit that threshold though. Hopefully, companies will be hitting those thresholds.

Another question I had was, I think it was back on your first slide, you had the breakdown of the import plus exports as a portion of the total GDP.

Kal Whitnell: Yeah.

Chair: One thing that I've been trying to get is data and find out where the data is.

Do you break down both exports and imports into smaller more granularities like by sector, by product, by service, or do you know if Stats Canada does? Is that information that you guys have access to; you've already received within your departments to help with your analysis? Is that something that we could have made available to, either to the committee or even the general public?

Kal Whitnell: Stats Can does produce it. It's publicly available information.

Chair: Okay.

Kal Whitnell: If you go under the GDP information. Actually, there's – what they do, they do break it down, but it's a lag in terms of the information that you get. To get more detailed information it's about a three-year lag in terms of –

Chair: Okay.

Kal Whitnell: – the breakdown of exports and imports. Now, that's interprovincially, if that's what you're looking for.

Chair: Yeah. I'm just kind of curious as to trying to compile a list and maybe that should be the more direct question: Do you

know what are our top 10 exports? What are our top 10 imports? Really down to a very granular level. You know, our top three are agriculture – but with exactly what products?

Kal Whitnell: Absolutely.

Chair: (Indistinct) have that.

Kal Whitnell: Internationally, absolutely. Interprovincially, as I said, you get, kind of, the detail, to get really good information it's about a two to three-year lag. That's the way they do it. It takes a bit longer to develop for Canadian trade, but we can get right down to what those areas are.

Interprovincial isn't going to be much different than international. Food and tourism and accommodation services and a number of areas that are critical in terms of what we actually sell across Canada.

Chair: That's all the questions that I have.

Any other further questions?

Thank you so much for your presentation and answering all of our questions. Some, a little bit outside the scope of your presentation; much appreciated.

Kal Whitnell: You're welcome.

Chair: Thank you all for coming in and joining – Ian and Gordon, joining Kal here, today. It was very useful. We'll probably have you back again sometime.

Kal Whitnell: Okay.

Mr. Roach: Every couple of years, it seems.

Kal Whitnell: Thank you.

Chair: Thank you.

Mr. Roach: Thanks (Indistinct) thanks very much.

Chair: Maybe we'll have a brief couple-of-minute recess while they leave.

[recess]

Chair: Call the meeting back to order. We're at item number four on the agenda; scheduling and workplan review.

The first item is the review of the plans for the March 14th and March 21st meetings. The 21st meeting is our number one priority. That's to have the Auditor General in to talk about the Public Accounts, the so-called bluebooks. That was the earliest the auditor could come in, so March 21st is it. The clerk's been working hard on this plan.

Now, the 14th, originally, I believe that was. We were looking at having the Hon. Tina Mundy in, the Minister of Family and Human Services, but they are unable to make it for that date, now. We're looking at rescheduling them.

When it comes to the 14th, I don't know, Ryan, did you have any recommendations of who might be available there?

Clerk Assistant: I would suggest to move onto the next priority, which is the fourth one, which is performance reporting. I don't know if Robert Hughes, the committee's chosen witness on that, I don't know if he's available that day yet.

Chair: Yes.

Mr. Roach: I just have a – and again, I'm a stickler, just to let you know if we're trying to stick to priorities and having them done.

Chair: Sure.

Mr. Roach: I know that we're having the Auditor General in on the –

Chair: Twenty-first.

Mr. Roach: – Twenty-first.

Now, one of the individuals that I believe is important to have in along with the Auditor General, and this might be an opportunity, is Gordon MacFadyen. He just left, and Gordon MacFadyen is responsible for preparing the bluebooks that go to the Auditor General. If you read the letter that the Auditor General sent back, the Auditor General indicated, I believe, in that letter that the comptroller could come in and answer questions leading up to the time that it takes for her to come in and do her work.

I would put a motion forward that we bring in Gordon MacFadyen on the 14th of March. It might be a great, I guess – I don't want to call it a segue, but he's in charge of the department and he's in charge of preparing those bluebooks before they go to the Auditor General.

Chair: I'd like to speak to the motion.

Do you see the discussion being not necessarily reviewing the bluebooks per se or we could ask questions wide open? Or are you talking about the process of the bluebooks, how they're prepared?

Mr. Roach: I think it's good to know all of that before we get to it. If I could just take a moment here –

Chair: I'm just curious as to how you see the discussion going and what it would be centered on because I'm afraid if we actually start reviewing the bluebooks, sort of section by section with Gordon MacFadyen, we'll be repeating the process with the Auditor General. I'm wondering how that will match together. Just curious as to what you're thinking there.

Leader of the Opposition: Chair?

Chair: Yes.

Leader of the Opposition: Thanks, Chair.

I think Mr. Roach is actually just reviewing the letter dated February the 15th right now from the Auditor General, Jane MacAdam, and I know in the past we have had the comptroller of the province in to review the financial records of the province. I would certainly be in support of having the comptroller in and then if there were specific questions that arose from that, that when the Auditor General appears before this committee in the future to review her next report, some of those questions then can be posed at that time as well.

I would agree that Mr. MacFadyen would be the person that I would like to see before the committee so that we could get the in-depth information from him first.

Chair: All right.

Mr. Roach: I believe that's what the (Indistinct) and I apologize for having to re-read it. I knew I saw it in there someplace.

The Auditor General states: The comptroller is responsible for the preparation of Public Accounts. An option for the committee to consider is to have the comptroller provide a briefing to the committee on the Public Accounts for the year ending March 31st, 2017. Under this option, there would be no need to wait until my 2018 annual report is tabled.

Chair: All right.

We have a motion on the floor. Anyone else want to speak to the motion?

Just to be clear, the motion is that we have the comptroller, Gordon MacFadyen in on March 14th to discuss the bluebooks if he's available.

All in favour of the motion, say 'aye.'

Some Hon. Members: Aye.

Chair: All against the motion?

Motion is carried.

Now, I believe I had Hannah Bell next on the list.

Ms. Bell: It may not be an issue anymore, but it was – thank you, Chair.

It was an alternative witness for performance management. I had contacted the clerk who had advised me to bring it forward to add to the list, if that is still relevant that we could have as a backup should other plans to ask for parties not come forward.

Chair: Right.

Ms. Bell: I'd like to provide an additional contact for performance management should that become a future priority in the work plan. Is this the appropriate time to do that?

Chair: Excellent. No, that's fine and do you have the contact name?

Ms. Bell: Yeah. The name is Martin Ruben, FCPA, who is an expert on public sector

organizations in the areas of governance, results-based management and effectiveness reporting an audit; previously an auditor with the Cayman Islands, now a resident of PEI.

Yes, I can forward that detailed information and contact information to the clerk if that would be useful.

Chair: That would be very useful if you forwarded that on to the clerk and I think it's great that we're getting witnesses onto the list to facilitate our scheduling.

Maybe I think we should just make sure everyone is in agreement on that. I'll treat it as a motion –

Ms. Bell: Sure. Thank you, Chair.

Chair: – that we have that individual put on the list. The name again is?

Ms. Bell: Martin Ruben.

Chair: Martin Ruben.

All in favour of him being on the list of performance reporting, say 'aye.'

Some Hon. Members: Aye.

Chair: Great.

Ms. Bell: Great.

Chair: All against?

Motion carried.

Leader of the Opposition: Chair?

Ms. Bell: Thank you, Chair.

Chair: Yes.

Leader of the Opposition: Just for clarification, on the letter that was sent to Robert Hughes, the CAO of the Town of Stratford, on February the 9th, have we actually received any correspondence back from him with regards to his potential availability to come? I know you had mentioned, Ryan, that we're still working on that.

Clerk Assistant: Yeah, I talked to Mr. Hughes on the phone a couple of times and discussed different scheduling dates. Actually, previously it was originally as early as late February or early March, but then different scheduling things came up and we had to move him later.

Leader of the Opposition: Okay.

Clerk Assistant: So we (Indistinct)

Chair: In fact, he was originally scheduled for today but what happened was, in terms of priorities, we wanted to go with the priorities of the committee and with the availability of the internal trade witnesses today, we went with them today and we wouldn't have had enough time to have him come as well so that's why he's bumped to a later date.

Leader of the Opposition: So, do we have a confirmed later date for him?

Chair: Not at this time.

We have our five priorities and we've got witnesses now for the first four and of course the second one we can cross off our list at this point, internal trade. Did we want to officially add witnesses for our fifth priority, open data and government? I know that it happened through email.

Mr. Roach: (Indistinct)

Chair: Yes, Allen Roach.

Mr. Roach: I think when it comes to open data, I think it's important to hear what open data is there now and what is open data? I know the number of requests that have come forward at different times saying we should have access to this, we should have access to that and I'll talk about – I think one of them was texts, for example, text messaging and things like that.

So, I think it's important for us as a committee to understand what that is. With respect to government, I'd like to see Dan Campbell. I believe he's in charge of, overall, for data and the province, and for him to identify a staff that would come to him that would give a clear presentation on what is out there now in terms of open data within government.

We may also, and I noted that Hannah Bell mentioned earlier there when she mentioned about red tape – red tape review, as I understand it, has led to a lot of open data within government over the last couple of years for businesses in particular, and that also means public as well. We may want to consider inviting Jane Mallard. I believe she's the coordinator for the red tape review for the province.

One of the things that we need to, I think, take under consideration is to have some discussion around access to information and the private communications, privacy regulations. I know there's a lot of case law that's out there and has been in place for some time with respect to accessing text messaging. It falls under federal legislation privacy, so it might not be – it might be something we may want to consider to invite the federal policing officer for the Province of Prince Edward Island, the RCMP, the federal policing officer, and staff that have expertise with respect to private communication and what it takes to access that.

Chair: And that's, again, in relation to open data?

Mr. Roach: To open data, because I know the question is there about text messaging and various things and, in my recollection, there's case law that indicates that it's the very same as a phone conversation. So in other words, you need to have a federal warrant in order to access text messaging, and there are a lot of rules around that.

Rather than – it's been a while since I've been personally involved in that, so things change. I don't want to be the one who is going to be saying this is the way it is or the way it isn't; but I think it's important for us as a committee to have a clear understanding of privacy; what private communication is and what we're allowed to access with respect to that.

Chair: Any other discussion on open data and witnesses? I know that there were email by email, Hannah Bell, you had put forward Peter Rukavina's name.

Ms. Bell: Peter Rukavina.

Chair: Did you – would you still like to see Peter –

Ms. Bell: Yes.

Chair: – come to the committee?

Ms. Bell: Yeah.

Chair: All right, so we have four individuals. I think maybe I'll just go through just to make sure the committee is agreeable, one at a time.

The first one presented was Dan Campbell from the Department of Finance. Are we agreeable with that? All in favour say 'aye.'

Some Hon. Members: Aye.

Chair: The next one was Jane Mallard to talk about open data related to red tape review. Again, I'll treat that as a motion. All in favour of having Jane Mallard come forward as a witness on open data and governance, say 'aye.'

Some Hon. Members: Aye.

Chair: All against?

All right, Jane Mallard will be on the list.

The third one was to contact the RCMP, get a federal police officer that is an expert in privacy and access to information, again with respect to open data and government. All in favour of that say, 'aye.'

Some Hon. Members: Aye.

Chair: All against?

All right, the fourth was we have Peter Rukavina come forward to talk about open data in government. I believe Peter had responded that he really has expertise as a consumer of open data as opposed to a creator of open data.

Again, if anyone has any further discussion on these, please feel free to speak up.

Yes, Allen Roach.

Mr. Roach: I'd just like to add that for Dan Campbell and the federal policing officer that we invite them to bring along whatever

staff they deem necessary to – that can bring something to this table, expertise.

Chair: We'll come back to that.

In terms of Peter Rukavina, then, are we all in favour of having him in as a witness –

Mr. Roach: Sure, yes –

Chair: – everyone in favour say 'aye.'

Some Hon. Members: Aye.

Chair: Against?

Now, I think a good motion would be that we invite all these four people to present on open data with whatever support staff they deem necessary to come with them.

All in favour of that?

Some Hon. Members: Aye.

Chair: All against? Great, thank you.

We do have, at least, our fifth priority filled out.

Now, there was our third priority talking about housing. There were some concerns mentioned to me outside a meeting. I don't know if we want to bring them up here?

Hannah Bell, would you like to speak to that?

Ms. Bell: Yeah. Thank you, Chair.

Again, I apologize in advance if this is not appropriate, but I thought it's best to ask the question within the context of the committee meeting. It's seeking a clarification on the scope of what is and is not in scope for this committee. My understanding, prior to coming into the space, was that Public Accounts includes, outside of fiscal management, as well as the pieces we talked about with the Auditor General and so on. My understanding of fiscal management is that it's regarding debt and deficit management, tax policy and these pieces.

While I do really want to hear both about open data and about housing, I am genuinely not clear that those are actually in scope because they are about operational

management and outcomes versus fiscal management.

I would like some clarification on the scope of the committee and whether that would be better suited to be discussed under health and wellness rather than, or at least, aspects of what we've got on the list right now under that discussion around housing. That portions of that, if not all of it, belongs under health and wellness rather than fiscal, so I would appreciate clarification from whomever may be able to provide that.

Chair: Everyone clear with –

Ms. Casey: I think that was, Mr. Chair, I think that was my suggestion. I think we were talking about, when we were talking about that, we were talking about the National Housing Strategy and the funding and everything that was going on with that. I think isn't that what we were trying to have done. I think that would fall in the context of this committee.

Chair: Allen Roach.

Mr. Roach: Okay, I guess it depends on what you want. In some respects it would fall within infrastructure; Paul Biggar, Minister Biggar's shop. My guess is that Minister Biggar would have the dollar figures attached to that, or what's being negotiated with federal government. I'm not so sure that it shouldn't be within infrastructure and energy, the standing committee –

Ms. Casey: (Indistinct) health.

Mr. Roach: Or health.

I mean, if we're talking about, you know, I guess the very basic and kind of from this level it's the money that's coming in from the federal government, the infrastructure, so that would be Minister Biggar's portfolio.

Would it be –

Chair: I'd like to speak (Indistinct) –

Mr. Roach: – the committee on infrastructure and energy?

Ms. Bell: (Indistinct)

Chair: Hannah Bell.

Ms. Bell: Thank you, Chair.

I'm referring to looking at the letter that was sent in request and if I think about fiscal management including risk management then often you need a broader base of information to be able to make informed decisions about risk.

Where you have a discussion around the investment that's required, but you don't get the full context of why that investment is what it is without understanding some of the pieces that do inform policy, for example, that give you better information about how to make a reasonable assessment of risk.

I'm just concerned about, I guess, how we determine where that line is. For example, when we're asking about accessibility standards and rent ceiling increases they may not necessarily be relevant in the context of Public Accounts.

Chair: Right.

Ms. Bell: That was really where I began to look at this and say, I'm not sure that, perhaps the scope has gotten a little broader than it needs to be in terms of what we need to be discussing.

Ms. Casey: Chair.

Chair: Go ahead, Kathleen Casey.

Ms. Casey: I think the reason it ended up here at this committee and the reason I put that forward is the Auditor General in her report included an update on actions with regard to a seniors housing program. She actually did a whole section in her Auditor General's report for the first time last year.

My thought was that we would encourage her to do that annually with regards to housing. You know the state of affordable housing stock; that's the context that it came here because it was in her report. I wanted to make sure that she provided a housing update every year. I was just looking for an update in that context.

If we think we could ask those questions to the Auditor General when she comes in; however, if you want to make sure that

housing programs, accessibility, maybe that goes to – that part goes to another department. I don't want to lose the context of the importance of the Auditor General actually doing a section on housing in her report.

Chair: Perhaps, to that end, the Auditor General had some very specific recommendations.

Ms. Casey: She did.

Chair: And some criticisms within her report of housing. If the minister speaks specifically to those recommendations that would put it solidly within the scope of our committee, I think. We'll guide the conversation as needed to make sure that we stay within the scope of the committee, perhaps. It's a very valid concern and thank you for raising it.

Ms. Bell: Thanks, Chair. I really appreciate that clarification from my colleague. I think it's important for us to sort of – to get those two – those are two different asks. There's an ask, which is very clear about the recommendation from the Auditor General and the response to the recommendation from the minister responsible, which is fantastic.

Then, the separate conversation, which is around the fiscal responsibility aspect of this committee where we look at federal funding, for example, infrastructure funding. I guess, my point there still stands that if we can consider the scope because I know how easy it is to add on the extra things onto the list and suddenly we have a laundry list that may take us down spaces that we are not actually meant to be going.

Ms. Casey: Mr. Chair, I think what's contained in the letter that to the minister were all part of the recommendations from the Auditor General's report.

Thanks.

Ms. Bell: Thanks for that clarification –

Ms. Casey: You're welcome.

Ms. Bell: – I appreciate (Indistinct) to ask the question.

Chair: Thank you for bringing that up.

That's what this committee is about is a discussion, especially when we're setting our priorities and bringing forward witnesses.

We have, essentially, four priorities on the list, now. There are witnesses associated with those four. We've heard from internal trade, so I'm taking it off the list. I think it would be useful if anyone is prepared today to bring forward witnesses for some of the other topics. Possibly, if you're willing and ready, move what priority they should be because I don't want to end up in a situation where our top four priorities can't make a scheduled date, and then we haven't decided who the – what the next priority is and we don't have any witnesses, and so we end up not meeting and not moving forward the agenda of the committee.

Yes, Kathleen Casey.

Ms. Casey: Thank you, Mr. Chair.

I'm just looking at the – in the interest of time we have our next two meetings set with a robust agenda. Hopefully, it'll all work out. Then, we're coming to the end of March and then the House opens on the fifth. I know this committee doesn't meet during the House sittings, so are we –

Chair: Traditionally, it hasn't.

Ms. Casey: Traditionally, it hasn't. So are we going to schedule people for after the House closes, or what's your plan for that?

Chair: You make a good point. First off, I think, maybe at our next meeting I'd ask you to think about what you – what the next priorities should be for the committee –

Ms. Casey: Okay.

Chair: – other than the ones we already set. Think about what witnesses you'd like to bring forward, so at the next meeting you can bring forward some of those names and priorities.

Ms. Casey: Okay.

Chair: I'll work with the clerk to determine how we're going to approach scheduling during the House session.

Are there any preferences on the committee, in terms – committee members in terms of scheduling during the House session? Whether we want to meet or not while the House is sitting.

Allen Roach.

Leader of the Opposition: Chair?

Chair: Oh. James Aylward.

Leader of the Opposition: Thanks, Chair.

I know from previous conversations with Shawn Murphy, when he came in and did presentations to committee when I was chair, if you do a jurisdictional scan, as well, there are a lot of provinces and the federal committee, as well, that do continue to meet while their respective houses sit. They have a specified day and a specified time each week that they do that.

Now, that's not all of them. That is some of them, but, I mean, that's something for this committee to consider as well. I know Public Accounts, from past experience, quite often trying to get witnesses in, trying to get ministers in, you're dealing with the winter period with inclement weather and things like that. It can be difficult to get all of your priorities taken care of in a timely fashion. I'll leave it up to the committee to discuss.

Chair: Thank you for that, James Aylward.

Leader of the Opposition: Thanks, Chair.

Chair: Any other – yes, Allen Roach.

Mr. Roach: Yes, and James makes an excellent point. I'm glad that he has brought that up. Certainly, I think, when you look at the federal government and the size of the legislature and the amount of bodies they have, I think they could probably work around that. The larger provinces, you know, where lots of times in the larger provinces, the MLAs live in the cities. As you know, from Northern Ontario, they're not travelling back and forth to work every day. They move to Toronto for the entire sitting and may get home on the weekend,

some of them. There's great availability and there's great numbers. I'm not so sure we have the scale here.

Ms. Casey: Something to think about.

Chair: Yes.

Mr. Roach: Just –

Chair: No –

Mr. Roach: – for consideration.

Chair: – thank you and that's why we're having the discussion –

Mr. Roach: Yeah.

Chair: – any other input on that topic from members at this time? We can – we'll discuss it, perhaps, at the next meeting, as well.

Mr. Roach: Food for thought. Thanks, James, for bringing that up.

Chair: I want to move on then, to the next bullet point under scheduling workplan review. That's the availability for March 28th. Hopefully, everyone's looked at whether they are available on that date.

Is anybody unavailable at this point –

Ms. Casey: I'm (Indistinct). I'm out of province.

Chair: – so we have –

Mr. Roach: (Indistinct)

Chair: – three unavailable. So that would still leave us with a quorum on the committee –

Mr. Perry: I'm looking. I'm not sure yet.

Chair: Okay.

Mr. Perry: That's March break –

Chair: Yeah –

An Hon. Member: (Indistinct)

Chair: Alan McIsaac.

Mr. McIsaac: I'm out on the 21st and the 28th, but I think I'm the only one for the 21st.

An Hon. Member: (Indistinct) 21st.

Mr. Perry: I'm okay for the 21st.

Ms. Casey: Me too.

Mr. Perry: The 28th, I'll have to get back to you.

Chair: Thank you for that. I think it's important to note that although we are a seven-person committee, quorum is four. With our ambitious workplan, I would like to meet if we have quorum, just to move the agenda forward.

To that end, I would ask you, as well, if you could respond with availability to the clerk's emails individually. Sometimes, it's confusing, like when the Government Members' Office responds it makes it look like maybe no government members are available. So, if you respond individually then we'll know whether we have quorum or not. If I could ask you to do that, that would be fantastic.

Alan McIsaac.

Mr. McIsaac: Mr. Chair, that happens because we, a lot of times, we have our chief of staff or whoever coordinate that for us because if we – if one of us can't make it, they try and go and get a minister to fill in for us. Of course, in Public Accounts we can't get that. That's why we have her coordinate that. You may not find out individually from us, but it's all discussed and she sends word through that –

Chair: Just to be clear then, if the Government Members' Office responds that government members are not available it means that no –

Ms. Casey: (Indistinct)

Chair: – government members are (Indistinct)

Ms. Casey: (Indistinct)

Mr. McIsaac: That's right.

Chair: Okay –

Ms. Casey: That's coordinated.

Mr. Roach: It's not just for this committee. That individual coordinates for all committees. We just have, you know, we have it set up so we all have one person to speak to, not just necessarily this committee, but you know if I can't attend for infrastructure and energy then somebody else, I think –

Chair: So –

Mr. Roach: – Kathleen looked after that for me recently –

Chair: – to be clear then, for Public Accounts, in particular, because, as you mentioned, you can't sub in ministers on this committee, if there is a case where, say, of the four government members on the committee, if, you know, three can attend and only one is going to be away, will the Government Members' Office let us know so we can continue with the meeting?

Ms. Casey: Sure.

Mr. Roach: Yes.

An Hon. Member: (Indistinct) example.

Chair: Okay.

Mr. Roach: Yeah.

Ms. Casey: He's the only one away on the 21st.

An Hon. Member: (Indistinct)

Mr. Roach: We've already done that for the 21st.

Chair: Okay.

Mr. Roach: It works.

Chair: Great, thank you.

For the 28th, if Hal can make the meeting, it looks like we would have quorum. I don't know. Hal, can you make the meeting on the 28th?

Mr. Perry: I'm not sure yet. It's March break. I'll have to look ahead and ask the real boss.

Chair: Okay. Well, thank you. I guess we'll look forward to the email from the Government Members' Office to find out for sure.

Ms. Casey: Yeah.

Mr. McIsaac: (Indistinct) We'll have that to you.

Chair: I'm going to direct the clerk to, at this point, look for witnesses for the March 28th meeting.

Clerk Assistant: Okay.

Chair: Based on our priority list. Please respond as soon as possible on your availability, Hal. Thank you.

Clerk Assistant: I just have one question about –

Chair: Yes, clerk, you have a question.

Clerk Assistant: For further direction from the committee: We're going to invite Gordon MacFadyen to come in on March 14th. That's a week from today. In the event he's not available, what would the committee like me to do in place of that?

Ms. Bell: (Indistinct) is that the next priority?

Chair: That's what my recommendation would be as Chair. We have our five, or four priorities now. If the first priority is not available we move to the second one.

Clerk Assistant: That works for me.

Chair: We all in agreement with that?

An Hon. Member: (Indistinct)

Chair: Okay, fantastic.

Ms. Bell: (Indistinct) the Auditor General.

Chair: Yes.

Ms. Bell: Thank you.

Chair: Thank you to the clerk, Ryan, for all your hard work with the scheduling. I know it's hard to juggle all the witnesses and dates.

Moving on to new business. Kathleen Casey, you said you did have something.

Ms. Casey: I did. Thank you, Mr. Chair.

I would like, at this time, to raise a concern over a newspaper article in *The Guardian* on February 22nd, on the committee concerns.

Chair: Yes.

Ms. Casey: It was an article that you were – you had done an interview on behalf of this committee.

My main concern, you were representative of this committee when you were interviewed. My main concern is that you went to the media with information that was not accurate. The article reflected that. I will kind of quote from that article. It says, "The public accounts committee, considered to be one of the most powerful committees of the legislature, was supposed to meet Wednesday, but the meeting was cancelled Tuesday when all four government MLAs on the committee said they could not attend."

I take my work of the Legislative committees very seriously, so when a senior taps me on the shoulder at a funeral to say, and kind of wags their finger and says: I hope you weren't on that committee. You know, I was kind of insulted, and kind of set him straight that – and told him, you know, my side of the story.

Mr. Chair, there are legitimate reasons why people cannot attend a committee meeting. And to – for instance, I was aware that I was not going to be able to attend that meeting. I don't have to give you a reason, but my reason was a family member had surgery that day. I was required to be present for the surgery and present with them six hours following the surgery. I made that – our office aware of that, and I think anybody else, who wasn't on the – wasn't available had their reasons, as well, why they weren't there.

I have an email thread from my office that you were made aware on February 14th and then again on the 15th that all the members of our caucus could not make that meeting. You were told that you didn't have a quorum, but you instructed the clerk to keep

it on the schedule. So I was dismayed when I got a note from the clerk on a Monday, the 20th, to say here's the list of meetings for the week and public accounts was still on it when you were told six days prior that you didn't have quorum and that you couldn't have a meeting on that day.

Mr. Chair, respect is earned and if you have any respect for this committee, for the media, and for the legislative staff, and you expect us to have that same respect for you, I would hope that in the future, you would represent this committee with proper facts. I take my work very seriously, and I took offence to the article that was in the newspaper with knowing that you knew the facts before you actually went and did that interview, and they were inaccurate facts that you presented.

Chair: I'd like to speak to that.

The facts that I presented to the media were accurate. In fact, the media, it sounds like, printed incorrect facts there.

Ms. Casey: Blame it on the media.

Chair: I would suggest that a retraction be issued immediately in that case.

Ms. Casey: Well, maybe you should ask the media for that.

Chair: And the other thing is – the other thing is (Indistinct) –

Ms. Casey: Could you ask the media –

Chair: I have the floor.

Ms. Casey: – for that retraction?

Chair: I have the floor.

Ms. Casey: Yeah, okay.

Chair: The other thing was, in fact, it was not clear to me that there was no quorum for that meeting on the Tuesday. That's why I left it on the agenda, because the email from the government members' office did not clarify. It just said government members can't make it. (Indistinct)

Ms. Casey: I have –

Chair: I didn't (Indistinct) –

Ms. Casey: I have the email thread here and it's very clear.

Chair: Very clear that no –

Ms. Casey: That nobody could make it.

Chair: – government members could make it.

Ms. Casey: Yep, none. None.

Chair: Well, I –

Ms. Casey: And it was very clear.

Chair: I was still hopeful that we would have quorum (Indistinct)

Ms. Casey: But you were told. You were told –

Chair: It was not clear to me at that point.

Ms. Casey: Anyway –

Chair: Thank you for raising that concern, and of course my main goal is to further the agenda of the committee and to meet. I think it was very clear that I have been frustrated ever since I was Chair. We had one work plan meeting and then it took us quite a long time to meet after that.

I think we're on track now. I hope we are. I think we've clarified some procedural issues as well in terms of the government members' office; and when they say that government members can't attend meetings, it means: There are none can attend and we don't have quorum. That's clear to me now.

So thank you for raising that, and my apologies if you felt slighted by that. I do believe this committee work is very important, and I think it should be a priority.

Ms. Casey: So Mr. Chair, are saying that the media misquoted you, and that you're going to ask for a retraction? Is that what you said?

Chair: I don't believe that there's – like, that's not part of my quote about having the meeting cancelled on Tuesday. Is that a quote, a direct quote (Indistinct) –

Ms. Casey: It's not a direct quote, but it is in there that says "but the meeting was cancelled" – it was implied that the meeting was cancelled on Tuesday and that all the government members couldn't be there. So where would they get that information? How would they know to put that in there, they didn't – it's during the interview with you.

Chair: Well, the meeting was cancelled on the Tuesday because of the (Indistinct) –

Ms. Casey: The meeting was cancelled on the Friday.

Chair: The meeting was – we were told on the Friday no government members (Indistinct) –

Ms. Casey: Actually, the meeting was cancelled on the Wednesday, February 14th. I can read the emails to you if you want.

Chair: So, uh –

Ms. Casey: They're very clear.

Chair: I don't plan to issue any retractions on the article at this point. I mean, if you feel I should, I'll consider it for sure. (Indistinct)

Ms. Casey: Well, Mr. Chair, going forward, I would hope that you would have respect for all members of this committee, the legislative staff and the media as well, in making sure that if you're representing this committee as an impartial Chair, that you represent us with the facts.

Chair: I feel I represented the committee with the facts, and I disagree with you on that, so I guess we'll have to agree to disagree on that point.

But I would like to move forward with the committee business now, so any further discussion here under new business?

Mr. Roach: Yes.

Chair: Yes, Allen Roach.

Mr. Roach: I'd like to make a motion that the, I guess the way this committee is structured, in particular the vice-chair, that the role of the vic-chair be sent to rules to

make it clear what the role of the vice chair is on this committee.

I found myself in the middle of what Kathleen had just talked about, and reiterated to yourself when you called me as the vice chair, that no, when that email was sent out it meant no members were available to attend, and your response to me was: You're going to hear about it.

I'd like it more defined what the rule, what the rules are with respect to the vice chair on this committee. Am I kind of in the middle between the vice-chair and the government members, or am I the vice-chair for the entire committee? Those rules are very unclear. Everywhere I went to try and identify my role as the vice-chair, there's absolutely no direction that I could find anywhere that clearly indicate what the role is on this committee.

So I'd like to make a motion that that be reviewed within the rules committee.

Chair: Okay.

So it sounds like the motion on the floor is to send a letter to the rules committee to review the role of the vice chair?

Mr. Roach: On the Standing Committee on Public Accounts, because, listen: I'll take any job that anybody wants to give me. I just want to know what I'm doing.

Leader of the Opposition: Careful what you wish for.

An Hon. Member: Yeah.

Mr. Roach: No, I've already wished for that before and had it, many times in my life, so I don't mind the work.

Some Hon. Members: (Indistinct)

Mr. Roach: I don't mind the work.

Chair: So, any discussion on this motion?

An Hon. Member: Pretty straightforward.

Chair: All right. All in favour of the motion, say 'aye'.

Some Hon. Members: Aye.

Chair: All against? Great.

Now, do you have a problem drafting that letter?

Clerk Assistant: No, I can draft that.

Chair: Great, excellent.

Thank you very much.

Any other new business today?

Okay. Move for adjournment?

Mr. McIsaac: So moved.

Chair: All right. Alan McIsaac.

The Committee adjourned