

**Keynote Address**

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As you may know, I am a bit of a golf enthusiast. Note that I did not say good golfer.

I have observed that golf and business have many parallels:

1. You generally do it with people you like, but sometimes there is the odd person who doesn't fit into the foursome;
2. There is a degree of repetition, but you have to be prepared for the unexpected;
3. Some days you can't do anything wrong; while other days, it would have been better to stay at home;
4. When you play in the Maritimes, there seem to be more obstacles and traps; but, then, it is more rewarding;
5. A hole-in-one will last for a lifetime, and all the hooks, slices and duffs just fade away;
6. At the end of the day, whether it is golf or business, attitude is what counts. The head game determines success or failure.

Sir Winston Churchill said, "Golf is a game whose aim is to hit a very small ball into an ever smaller hole with weapons singularly ill-designed for the purpose."

Sir Winston could have been describing difficulties faced by our region in the conduct of business; and, if he were here, he would probably give us credit for our **no-surrender** attitude. However, times are a changing. We are on the verge of something **very big**.

It is in my nature to be optimistic, and I am buoyed by what I see on the horizon for Nova Scotia. I sense that Nova Scotia is going through a big change. Free trade, or to use a 19th century term "reciprocity" coupled with the information highway and major investments in our offshore that make economic sense, have given Nova Scotia a tremendous psychological boost. The economic benefits have been substantial but the psychological boost has been enormous.

Margaret Thatcher, back in the late 1970's when she successfully ran to become the occupant of 10 Downing Street, used the campaign slogan "Let's put the **Great** back in Great Britain". At that juncture, Britain was rudderless. The government and its people did not have a sense of purpose – a former superpower half in and half out of the European community, racked by strikes, on the verge of economic and social decay. What Maggie Thatcher did was provide leadership that enabled the British people to believe in themselves again.

You cannot be ambivalent towards the 'Iron Lady'; but, love her or hate her, she provides an object lesson for us in Nova Scotia. **We, in this Province, need to assert ourselves once again.**

I think it is time to put a capital "P" back in the phrase "**Prosperous Nova Scotia**" – a phrase I have so often read in the history books. I want to take this phrase out of the past, retrieve it from history, read it on a daily basis in the Halifax Herald and the Daily News, and, more importantly, to hear and watch it on the CBC; **because**, when we say it and believe it, others will read and hear it, **and their perceptions of Nova Scotia will change.**

At the time of Confederation, it was Nova Scotia and the Maritime Provinces that had to be enticed into Confederation – **we were the prize.**

In the mid-19th Century, the Maritime Provinces stood fourth in the world as far as registered tonnage of shipping was concerned. In 1874, Nova Scotia reached her peak when she had 3,025 crafts registered on her books, with a total tonnage of over a half a million. This amounted to one and a quarter tons per capita, surpassing any other country in the world – **what a heritage!** As a shipping man, I love these statistics.

Nova Scotians were traders - Their goods and ships traveled to the four corners of the globe. To finance these enterprises, local merchant banks, such as the Merchant Bank of Halifax, which eventually became the Royal Bank of Canada and the Bank of Nova Scotia, were formed. Samuel Cunard introduced the first regular transatlantic steamship service.

In its heyday, Nova Scotia was prosperous because it was **‘outward looking’**. As a community, we interacted with the outer world, traded goods, exchanged ideas, became worldly and sophisticated. Nova Scotians and their Province evolved and responded to market needs, social change and political awakening.

Nova Scotia, through the efforts of Joe Howe, secured a free press and established the first responsible government in the British Empire. Through the efforts of Thomas McCulloch, Dalhousie College the first non-sectarian college open to all was established. This was truly a revolutionary concept in the mid-19th Century. In short, Nova Scotians were an **outward looking people** with a strong sense of themselves.

As the well-known historian D.A. Muise has said:

Men like Young, McCulloch, Cunard, Howe and the writer, Thomas C. Halliburton **‘were not isolated evidences of genius appearing, as it were, from nowhere’ but ‘leaders in a general awakening’.**

Halliburton’s books are little read today. But many of his expressions survive and provide guidance in the business world:

The early bird catches the worm;  
Penny wise – Pound foolish;  
Honesty is the best policy;

and, the one I like the best,

**Time and tide wait for no man.**

Sir Wilfred Laurier, as the 19th Century drew to an end, stated, **“The 20th Century will belong to Canada;”** and, in a large measure, he was correct. Unfortunately, Nova Scotia was left behind. In essence, Nova Scotia and the Maritimes got stuck. The rest of the world continued to

move forward, but we seemed to stop and as Halliburton said: **“Time and tide wait for no man.”**

**So, what went wrong?** I think we, as a people, stopped having an outward vision. We turned inward. After Confederation, we were hobbled. Reciprocity with the U.S. went. The National Policy with high tariffs for imported goods stopped our natural trading patterns. We stopped interacting with the world and solving our own problems and looked inward to **Ottawa**. Over time, we moved from self-reliance to dependence; and, more tragically, **we lost the ethos of self-reliance and independence** and started to see ourselves as the poor cousins of Confederation – the have-nots, the peripheral. And, even worse, others started to see us as surviving on handouts and government subsidies. Even if not true, it was the perception; and, as the saying goes, **“Perception is reality”**.

A point in question – Do you remember the name **“John Mykytyshyn”** – the former Canadian Alliance pollster and policy advisor who said that Maritimers are addicted to government handouts and unwilling to work. Such boldfaced, inaccurate statements were born out of ignorance but based on a lingering, habitual perception of Atlantic Canada.

When scrutinized, low and behold, his statements were wrong – **dead wrong**. If “Mykytyshyn” had taken the time to “compare comparable population sizes,” he would have discovered that businesses in Nova Scotia, New Brunswick and Newfoundland received the **least public support**. The 1998 tab for all business subsidies in the four Atlantic Provinces was **\$512 million**. In the western provinces, businesses received a combined **\$3.26 billion** that year.

Look at the “Technology Partnerships Canada Program” which is a good example of the way federal business subsidies flow in Canada – **and the direction is rarely eastward**.

“Technology Partnerships Canada” spent more than \$1 billion helping firms in Ontario and Quebec compared with about \$15 million in Atlantic Canada. That sounds like a regional development program to me, but I bet it is considered a **strategic investment in Canada’s high technology industries**.

The problem is one of perception. We are perpetually viewed as sucking up federal government subsidies for boondoggles.

What is tragic is that regardless of the facts, the perception exists that **“real business”** cannot survive in Atlantic Canada and that government subsidies and handouts doled out by old-time politicians is what makes the world go round down here. This perception is deep seated and ingrained; and, I can tell you from personal experience that when I am in London or New York and I tell them I am from Nova Scotia – **I don’t meet the prejudices that I see when I go to Toronto**.

Changing the perception of our region in the minds of our fellow Canadians is critical because this **image of irrelevance** is so engrained in the psyche of our fellow citizens. You may have noticed at the Summit of the Americas that our Prime Minister told George Bush, “Canada wants to sell energy to the U.S.” He made specific reference to the **tar sands** and **hydroelectric**

**power from Quebec**, but not a word about the **East Coast Offshore**. This is a major oversight on the part of our national leader, especially when you consider, according to Goldman Sacks, that the SOEI Project alone, once Tier II is put into production, will account for over 10% of total Canadian exports of natural gas to the United States and nearly 2% of total U.S. supply.

What is sad, however, is that our Prime Minister has not maliciously or intentionally overlooked our region, but simply, through benign neglect on the part of his policy advisors and the bureaucracy that prepare his speeches, they dismiss our region and its potential. This is but an example of the engrained attitude that has developed in the rest of the country to our region. **ONLY WE CAN CHANGE IT!**

The winds of change, however, are blowing and that lost confidence is reemerging. Nova Scotians are starting to assert themselves and, most importantly, feel good about themselves, feel confident, and, are looking to the world again. **That big, wide world.**

J. Murray Beck in his text, **Politics of Nova Scotia**, provided a commentary on the financial state of the Province at the turn of the last century and the approach taken by then Premier George Murray:

On New Year's day, 1900...Nova Scotia...was finally awakening from its long lethargy. The improved economic conditions made it easy for Murray to handle provincial finances. He turned a deficit [now get this] of \$23,000 in 1898 into a surplus of \$6,000 the next year and budgeted for another surplus in 1900. Nova Scotia, he boasted, because, unlike other provinces, did not have to rely on a static source of revenue like federal subsidies but could use a more flexible and steady increasing source – **royalties on coal.**

### **Eat your heart out Neil LeBlanc!**

Add about four zeros and one cannot help but see parallels with the current situation to those of a hundred years ago. Coal is no longer king, but oil royalties and offshore oil and gas development can and should have a major impact on our Province if we are prepared to seize the moment. If we take charge of our destiny with our reemerging confidence and outward looking perspective, the 21st Century will belong to Nova Scotia, and we can say to Sir Wilfred **“up there”** you were only 100 years off.

It's been a while but I say that the wait will have been worth it. However, we Nova Scotians need a plan. We cannot afford to be swept along by circumstances. We are playing in the big leagues, and there is a limited timeframe within which to establish our reputation. We must be businesslike but there must be mutual respect. We, as Nova Scotians, need to know what we want out of offshore oil and gas development. And we need to go out and take it. **Remember, time and tide wait for no man.**

I applaud the Premier and his **Campaign For Fairness**. Fifteen years ago the Province of Nova Scotia and the Federal Government reached a deal on the development of Nova Scotia's offshore resources. Even though Nova Scotia brought these resources into Confederation. We agreed to

joint regulation – all on the undertaking that Nova Scotia would be the prime beneficiary of offshore development.

That's what we signed up for and that's what we want – so in **fifty** years our children and grand children can say the former generation took a stand, had a plan and look at us now.

Fifty years can make a difference - **a huge difference**. You only have to look to Alberta to see the impact that 50 years of oil revenues can have on a jurisdiction. In Alberta, they are now considering what they will do with all their excess cash once their provincial debt is paid off. One would conclude that, if we play our cards right, we could be in the same position fifty years hence. Not necessarily so.

Before I get into that I would like to say that Nova Scotia's offshore has great potential.

With the U.S. next door and its thirst for petroleum products, we are ideally situated to harness our production. Sable Gas is up and running with **Tier II** on the horizon. PanCanadian has announced that **Deep Panuke** will go into production. One more major project – **and we have an Industry**. As a businessman, I would say, Nova Scotia should receive substantial revenues from the Offshore – in the form of **personal income tax, corporate taxes and royalties**. This should enable us to accomplish what Alberta has done.

There is just one problem reaching this objective – The revenues received from oil and gas over the next twenty to thirty years will be very significantly offset by reductions in equalization from Ottawa. In affect, the royalties paid by the oil and gas industry won't stay in Nova Scotia to improve our economy – instead most of them will immediately flow back to Ottawa.

Uncorking the bottle that allows the “Genie of Equalization” out may be a hard sell with the federal government but the sentiment is proper and there is historical justification for the campaign.

This is an issue bigger than politics – this is about creating a “**Prosperous Nova Scotia**” with a **Capital “P”**. Politicians of all political stripes, at all levels of government, together with **Business** and organizations such as the **Chamber** and **OTANS** need to get behind this initiative.

It is necessary for we Nova Scotians to galvanize opinion to our side and to show that based on precedent we should be entitled to the benefits from our own offshore.

As the Premier has said:

This was the thinking in 1889, 1898 and 1912 when the northern properties and their great wealth owned by all Canadians, were given to Quebec, Ontario and Manitoba.

This was the thinking in 1930 when all subsoil resources in Manitoba, Saskatchewan and Alberta were given to the Provinces. And this was the thinking

in the 1950's and '60's when Alberta received equalization without penalty for oil and gas revenues.

**Similar treatment for Nova Scotia would allow us to have economic prosperity.**

It would enable us to build the strong companies to play a significant role in the offshore, train and put Nova Scotians to work, increase the tax base, enable economic diversification, and make the East Coast an economic dynamo. **We can do what Alberta has done – We just need the tools.**

We must convince the Government of Canada and the rest of the Canadian people that allowing us to benefit from offshore oil and gas is in the nation's interest because it will make this Province a full and equal partner in a strong and united Canada.

**This is not charity**; this is not a helping hand – This is an **investment** coupled with investments made by the private sector in the oil and gas industry of Nova Scotia because it makes **good, business sense.**

Nova Scotia deserves to be the primary beneficiary of our sub-sea resources; just like Quebec, Ontario and the western provinces were and are the primary beneficiaries of their underground and natural resources.

Such an investment in Nova Scotia would be similar in nature to that made by the federal government through its policies in the 1960's to develop the auto pact so that the **auto industry** would blossom and grow in southern Ontario, the construction of the **St. Lawrence seaway** so that products and goods could get from the heartland of the Prairies and Central Canada to market, the prolonged and ongoing support of the **aerospace industry** in the Provinces of Quebec and Ontario, and the grants and loan guarantees provided for the startup of the **Hibernia** project.

All of these were strategic investments made by the federal government. This is the type of investment that we need in the Nova Scotian offshore oil and gas sector.

**The moment is now:**

1. Attitudes are changing – a can-do attitude is starting to evolve in Nova Scotia. We have become outward looking once again, and, guess what – our confidence has come back;
2. We have 100 years of history to overcome. A negative image and prejudices to push away;
3. We have the single most important economic event in the past 150 years looking us in the face. We can't blink;

4. We have a limited time within which to put the whole package together and get it right. We need leadership from business, from our political leaders, government officials and organizations such as the Chamber. We collectively need to get the job done.

**Time and tide wait for no man.**

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