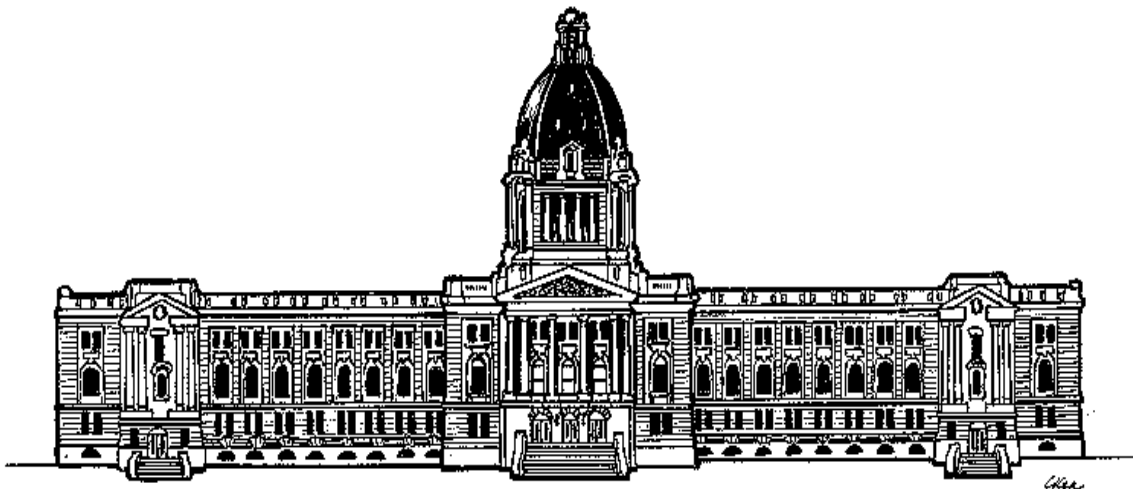




STANDING COMMITTEE ON HUMAN SERVICES

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

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**STANDING COMMITTEE ON HUMAN SERVICES
2007**

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Mr. Milton Wakefield
Lloydminster

[The committee met at 15:28.]

**General Revenue Fund
Supplementary Estimates — March
Community Resources
Vote 36**

Subvotes (CR04) and (CR12)

The Chair: — Good afternoon. The Standing Committee on Human Services today has on the agenda consideration of supplementary estimates for the Department of Community Resources, vote 36, on page 7 of your budget, supplementary budget book. The Minister of Community Resources is here with his officials. If you can introduce your officials and if you have any opening remarks to the supplementary estimates, please do so now.

Hon. Mr. Belanger: — Thank you very much, Madam Chair. I'll keep my introductions and my comments as brief as I could. First of all to my extreme left, of course to my left, sorry, is Duncan Fisher who is our deputy minister. To my right is Darrell Jones who is an assistant deputy minister for housing and central administration. Directly behind me to my left is Larry, I'm sorry, Craig Marchenko who is executive director of housing policy and program services. To the right of Craig is Larry Chaykowski who is the executive director of the housing program operations. And of course next to Larry is Andrea Brittin, executive director of child and family services division. And finally, last but not least, we have Don Allen who is the executive director of finance and property management.

Very quickly in terms of the points I'd like to raise in our opening comments is, we have \$60 million in provincial funding for housing. And this \$60 million includes, one, a \$49.5 million allocation to develop 500 affordable rental and home ownership units. Development will include new construction and acquisition and renovations of existing dwellings. The Saskatchewan Housing Corporation has over 500 affordable housing units which are being considered for commitment within the next year. Some projects may begin as early as spring 2007 and all projects are being completed within three years.

Second, there's a \$10 million allocation to subsidize rents for 300 very low-income families and young adults at risk.

Third point is \$500,000 is being allocated to skills training to increase participation of young adults in the North and inner city areas in residential construction and renovation industry.

Funding is targeted to low- and moderate-income families and young adults at risk. Families may be couples with children or single parents with children. Safe and affordable housing for families has an important social and economic impact as it provides a healthy environment for children to be raised and creates an environment for children where they can complete their studies and succeed in school.

And of course young adults at risk are individuals who are generally not living at home, who are in transition or have multiple problems. They may have unique housing needs due to

addiction or require accommodation during assessments or stabilization or are attending training in learning institutions and require housing with some supports.

The province is focusing this investment to address deep housing needs and concentrations of poverty in northern communities and in the inner city neighbourhoods of Regina, Saskatoon, Prince Albert, and North Battleford. Many of these residents are in locations or are exposed to substandard housing, poverty, few luxuries, and poor socio-economic circumstances. Inner city areas have higher concentrations of rental housing, dwellings in need of major repair, and older housing stock.

A significant increase in the number of households in some northern communities has led to a greater number of people urgently needing affordable housing. There are also challenges in delivering housing to these communities due to size and some remote locations of some of these northern communities.

As well in terms of the Four Directions residential facility, there is a \$1 million allocation, and it is for the Four Directions residential facility for youth. This is a First Nations owned and operated facility located on the Muskowekwan First Nation. The current facility is an old residential school which requires extensive renovations, so we are very pleased to support our First Nations partner in this initiative.

And that concludes my opening comments. Thank you very much, Madam Chair.

The Chair: — Questions then. Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. Mr. Minister, when we convened in November we were discussing a housing project, and we had a \$50 million donation from the federal government to housing, along with this 60 million, takes us to 110. At that time I asked questions as to what the plan was for that total amount. Could you please explain to me how far you are advanced on the plan from the first \$50 million that was given by the federal government?

Hon. Mr. Belanger: — What I will do is I will defer to my officials, but I will correct in the sense of saying that the \$50 million that we did receive from the federal government is not considered a donation. I think obviously they have a responsibility to house all Canadians, and Saskatchewan is part of Canada. So I would want to correct you that they do have an obligation to Saskatchewan.

And like any other province, we will certainly keep the federal government's obligation clear and in front and centre. But there's no question in my mind that we should not characterize it as a donation, but rather as an obligation from the federal government. On that note I would ask my officials to elaborate and to respond to your question in detail. Thank you.

Mr. Jones: — I would start out by just providing some indication as to the breakdown. It was \$50.6 million in total — 26.4 million of that is for off-reserve, Aboriginal housing, and 24.2 million is for affordable housing in general.

Of that funding, 25 per cent of the funding for both housing

trusts will be allocated to capital improvements to existing non-profit and co-operative housing. And 75 per cent of the funding will be utilized for the development of affordable housing.

We anticipate that about 700 housing units managed by the non-profit and co-operative housing groups will be upgraded as a result of that capital improvement funding, and about 300 affordable homes will be developed through a variety of both new construction and acquisition and repair. So a total of 1,000 households will be assisted as a result of this.

Mr. Merriman: — Thank you for the answer. Could you tell me of those 300 new affordable homes which will either be purchased from the existing market or built? Could you give me a regional breakdown of where those homes will be?

Mr. Jones: — Once again the funding will be targeted to major urban centres that will be more broad than what is defined in the 60 million. The 60 million we've specifically identified Regina, Saskatoon, Prince Albert, and North Battleford. Here we define it as major urban centres, and so we haven't narrowed the scope. So it can go more broadly in terms of distribution as well as the North. And we haven't specifically allocated amounts of that funding to different geographic areas. However what we will be utilizing as a guide is the distribution of need.

CMHC [Canada Mortgage and Housing Corporation] provides, through the census data, an analysis of core need throughout the province, and that core need is our indicator as to where the need for affordable and social housing is the greatest. And so we try to develop projects on the basis of that need distribution.

Mr. Merriman: — So since November we haven't started with any projects that are underway with that original \$50 million?

Mr. Jones: — I'll give you an indication of the number of projects that we currently have. As you're aware we've been operating with the centenary affordable housing program for the last number of years, and we've had an open proposal call process whereby groups can make application for funding under that initiative. As that funding is coming to a close, we've continued to see proposals coming to Saskatchewan Housing Corporation both from the Métis, First Nation community as well as non-Aboriginal community. So we've got a number of proposals that we're currently working on, proponents that we've been working with over the course of the last number of months. And we're estimating right now that we will have somewhere in neighbourhood of \$29 million in proposals moving forward in 2007.

Mr. Merriman: — Thank you for the answer. So in 2007 those proposals will be moving forward. Could you give me some idea of when you anticipate completion of some of those projects and houses on the ground so to speak?

Mr. Jones: — Because we have a variety of options available to the proponents both in terms of new construction as well as acquisition and renovation and capital improvement, certainly we see some of these projects moving quite quickly. For example acquisition and renovation, we have proponents that are looking at and preparing to make offers on existing properties that are substandard by today's standards which

would then be rejuvenated. So we can move quite quickly on those. So we could see those occurring as early as this spring.

And certainly capital improvements, we've been in discussions with the Métis groups as well as the First Nation community and other non-profits in our portfolio. And they'll certainly be putting together their action plans for the introduction of capital improvements to their portfolios in 2007.

With respect to new construction, we could certainly see some of the projects moving forward in 2007, but of course they're at varying stages in terms of the readiness. If they have land that they've identified and it's available, they'll be able to move more quickly in terms of getting their plans prepared and so forth, and progressing. But certainly what we see is the capital improvement, acquisition, and renovation moving first and then followed shortly thereafter with new construction.

Mr. Merriman: — Thank you again for the answer. Obviously as inflation is going up and we have an obvious shortage of skilled trade people, the longer the delay, the less we're getting for our buck is really what we're coming . . .

You had told me in the last session that we had that we had about 450 non-profits that manage . . . at that time you told me 30,000 units and I see it's 37,000, but the 37,000 units that you're managing — which is a quote I got out of a newspaper report here. My question is, how many of those 450 non-profits that are managed and have come forward with proposals to partake in renovation of existing housing, and how many units would that be?

Mr. Jones: — We fully expect that it would be in the neighbourhood of 700 homes impacted by the capital improvement initiative. We've met with the Métis groups, and they're just actively now engaging in an analysis of their portfolios in order to determine which of their projects they would undertake the repairs on first, in terms of capital improvements. And they're looking at aligning some of that capital improvement work with some of their own maintenance funding and so forth.

With respect to the other non-profit portfolio, we'll be working through our inspection resources in identifying where the greatest needs are within that non-profit portfolio and then working directly with those non-profits to identify what capital improvements should be undertaken in 2007 versus 2008.

Mr. Merriman: — I'm a tad confused here, but I'll ask it again maybe in a different way. Of the 700 homes . . . My question was, you have 450 non-profits managing your 30,000 or 37 — or whatever the number is — homes. And this is not an issue by the way; I'm not trying to trip you up here. I'm just . . . Whatever the number is, obviously those 450 managers would know which homes are in desperate repair. And my question came back to you, you said you had . . . [inaudible] . . . proposal groups. Have you received proposals from those 450 non-profits as to the amount of repairs they deemed needed in their portfolios?

Mr. Jones: — The open proposal call that we've had through the centenary affordable housing program, up till this point, has been for new development as opposed to capital improvement.

So the proponents I referred to earlier are bringing forward new development or acquisition and renovation proposals as opposed to capital improvement proposals. So at this stage we haven't issued a proposal call formally to the non-profit groups relative to the capital improvements, but we have been engaged directly with the Métis and are at a more preliminary stage with the First Nations groups.

When we talk about 450 groups, about 280 of those are the housing authorities and the housing authorities are managing SHC [Saskatchewan Housing Corporation] owned property, and so we won't be making these capital improvement dollars available to SHC-owned property. So it's the remaining non-profit groups and co-operatives which will have the opportunity to access some of this funding.

And even there we will be looking . . . Of course it's a variety of delivery vehicles that were used over the years to create this affordable and social housing. And as a result some of the non-profit groups are in good condition both in terms of their financial status as well as their capital asset. And so where that's the case, there wouldn't necessarily be a need for accessing this funding. So we'll be assessing the non-profit groups to determine what their financial position is and the current condition of their portfolio.

Mr. Merriman: — I'll come to that question later. So we'll go with your numbers. You said 220 then non-profits that would be accessing this \$29 million that's going to be for capital improvements. I think that was the number that you had used. My question is, when are we going to go out to these people and ask for their proposals? And what portion of your existing marketplace . . . I guess really where I'm coming is, what would you deem to be the requirement of capital to bring all of those facilities of your 220 NGOs [non-governmental organization] up to code?

Mr. Jones: — It's a breakdown of about 280 housing authorities which aren't eligible for this funding because they receive resources directly from Sask Housing, and so we believe that portfolio is in good shape. And it's about 170 non-profit groups. Specifically we'll be putting a proposal call out as part of a process with the First Nations and Métis community for the Aboriginal off-reserve funding. And then we'll be working more directly with the non-profit groups relative to the remaining funding.

As a total we're talking about \$12.6 million — the 25 per cent that'll be eligible for capital improvement. And based on our preliminary assessment, as we were determining what the breakdown should be between capital versus new development, we believe the 12.6 over the next two- to three-year period is a reasonable amount of funding to bring much of this portfolio, combined with their existing resources, into good condition.

Mr. Merriman: — So thank you. Then to answer my question, you feel that we now have sufficient funds in that file to bring the 30,000 units into what we would deem to be livable housing, where all of the maintenance issues with cracked walls, so on and so forth, all of those types of things, can be repaired with that roughly twelve and a half million dollars.

Mr. Jones: — That's correct. Combined with the resources

they have. Of course they generate revenues from their tenants and many of the non-profit groups have replacement reserves. And of course they've made allowance in their funding and the funding that we may provide to them on an ongoing basis for ongoing maintenance. So the funding we're talking about is specifically targeted toward capital improvements, so it is the major investment component of the house repairs.

Mr. Merriman: — In the year 2000 you negotiated with these non-profit corporations. And one of the things that was in that agreement was that you had agreed to review the program within five years of the date of the signing, which was 2000. Could you tell me if that review has been done?

Mr. Jones: — I believe you're referring to a specific agreement that we entered into with the Métis urban housing associations. And the agreement specifies that we will undertake an evaluation of the program. The program that they manage is essentially social housing and we're undertaking that evaluation as of right now. It's under way at the current time.

Mr. Merriman: — So it's under way.

Mr. Jones: — Yes.

Mr. Merriman: — We're a little late but we're there. Okay. In part of the announcement there was a reference to the Department of Community Resources for \$500,000 — a one-time funding support for food banks and \$250,000 for Saskatoon. Is that part of this capital improvement money that we're giving out to the food banks?

Mr. Fisher: — No, the \$500,000 that went to the food banks came out of the Community Resources '06-07 budget. It's not part of the 61 million in supplementary estimates today.

Mr. Merriman: — My understanding that it was 500,000 to the Regina Food Bank. There was an additional 250,000 in the Premier's comments, going to Saskatoon. Is that coming out of the supplementary estimates or . . .

Mr. Fisher: — The 500,000 for the Regina and District Food Bank, I believe was funding that went to the Regina bank in '05-06, and so would not be part of the supplementary estimates. And then the additional 500,000 that included the 250,000 for Saskatoon was paid out of '06-07 funds from Community Resources, and as I said is not part of the supplementary estimates.

Mr. Merriman: — Okay. I understand that's for capital funding for improvement to facilities. Is that correct?

Mr. Fisher: — The 500,000 that went out this year was . . . You're correct. It's not to buy food. It's to do some one-time repairs, maintenance, to allow them to carry on an effective program.

Mr. Merriman: — Thank you. I don't have an issue with that. I just wanted a clarification if that was coming out of this 12.6 or whether it was covered in another areas it didn't state.

You know, we have 10 million for rent subsidies for 300 low-income families and youth at risk. How did we determine

which 300 are receiving this? And is this again a regional breakdown for me please?

Mr. Jones: — The 10 million is the first time in a number of years that we've actually reintroduced a rent supplement model where it's directly connected to particular property and then of course targeted to a low-income client group. Again we will be looking at the allocation on the basis of core need. And in our planning and preparation for this, we will be working with the proponents and looking at the target group that they are specifically trying to assist.

And if it's a very low-income target group, well then we may very well then want to partner this, these rent supplements, with the initiative. But we also of course have some existing properties that are being managed by local non-profit groups that are already targeting clients that are heavy need, but they don't necessarily have the rent subsidies. So they're essentially providing what we call affordable housing. So it doesn't have the deeper rent subsidy, and so then we would also look at tying this in with those particular housing initiatives.

Mr. Merriman: — Thank you for the answer. I'm going to ask you again a little . . . I'm not quite clear on this. You know obviously, and I believe we have more than 300 people who probably need this type of assistance. I guess what I was trying to get at was, have we got a plan as to how we're going to disperse this regionally? If it's strictly a large urban program, what is the criteria that — you know, I mean we're obviously not going to have a lottery — so what is the criteria that these people, and how are we going to disperse it when we obviously have a lot more than 300 who could use this type of program?

Mr. Jones: — Well just as a starting point around the geographic question, as you know we're targeting specifically the four urban centres and northern Saskatchewan. So when we look at the need data as a starting point, we see a distribution of about 32 per cent of the need in Regina, about 38 per cent in Saskatoon, about 12 per cent in Prince Albert, about 5 per cent in North Battleford, and roughly 13 per cent in the North.

And so this is the starting point in terms of determining planning estimates for the \$60 million. And then because it's a proposal call process, we have to then look at each of the particular projects that come in and ascertain whether the client that they're targeting needs the additional subsidy.

At the same time we'll be undertaking an analysis of the existing non-profits and what is within their existing portfolio or do we need to transition a portion of their existing portfolio to a higher-needs, deeper-subsidy-required type client? And we'll work with those non-profits as well as the new non-profits, or the new proponents that are bringing forward that type of project proposal. So to say specifically today where those subsidy rent supplements will go, our starting point is the distribution of need and then we'll try and be consistent as the years roll forward and in advancing it on that basis.

Mr. Merriman: — Okay, thank you. I know there has to be a starting point and your answer is certainly satisfactory as to the breakdown which gives me an idea of, you know, where you're going and how you're getting there. This \$10 million is, this will, obviously by your statement I assume, be an annual

contribution to this fund. Is that correct?

Mr. Jones: — Yes, the \$10 million essentially allows us to — based on our historical experience with this — will allow us to provide this type of subsidy support for those households for, we estimate, about 10 years. And of course with households you have tenant turnover and so forth. So it's an ongoing management of those funds and we can move those funds from one project to another depending on where the deepest subsidy needs are at a given time.

Mr. Merriman: — So it's a household fund versus an individual fund. So you're going to subsidize — let's say in Regina which is an easier one — 100 homes of the 300. And you'll move families into the homes versus subsidizing the family to live where they are.

Mr. Jones: — That's right. We have another program called the Saskatchewan rental housing supplement that we introduced a couple of years ago which ties specifically to the client regardless of where they move as long as the house meets minimum health and safety standards.

Mr. Merriman: — Okay. Also there was a \$500,000 to support a training component to increase participation in the inner-city and housing construction programs. Could you explain a little bit of that to me, please.

Mr. Jones: — You know, one of the things that we've found historically as we've been developing and delivering housing under the centenary affordable housing program is the difficulty in having training initiatives tied specifically to our projects, particularly in the delivery of housing. There's been more success, i.e., through the apprenticeship programming and so forth with commercial development as opposed to housing development.

So the \$500,000 allows us to create linkages of training directly with the housing industry. So we've, for example, been working on a trades training initiative historically with the home builders. We've also been engaged with Thom Collegiate as well Mount Royal Collegiate in developing some linkages specifically with the delivery of some of the housing initiatives.

So we see here the opportunity to have some qualified mentors, coaches, that we can link specifically to the housing development and link to some of the other programming that's available through SIAST [Saskatchewan Institute of Applied Science and Technology] and through SIIT [Saskatchewan Indian Institute of Technologies], where those mentors and coaches can tie into the construction careers initiative, as an example.

Mr. Merriman: — I'm certainly in favour of the program. I guess one of the things that sort of stuck out here was that, you know, I thought we had moved the educational component out of DCRE [Department of Community Resources and Employment] and into the Department of Education, as setting up these training programs. I'm just wondering why it's back in this budget versus in Department of Education. I don't have an issue with the program. I'm just asking why it's back into our portfolio.

Mr. Jones: — The funding will actually reside directly with Saskatchewan Housing Corporation, which then allows us to tie the particular initiative that we're advancing and create the right kind of linkage with the other programming — whether that's with construction careers, career employment services, or whatever. So it gives us the opportunity to bind these training initiatives together and create, I guess, a bit more of a seamless kind of arrangement specifically with the projects we're hoping to develop under this initiative.

Mr. Merriman: — I guess I'm wondering that, you know, if we take the five areas that we talked about as being the primary — Regina, Saskatoon, P.A. [Prince Albert], and North Battleford and the North — and we take the \$500,000 and start splitting it, I'm just wondering if we're getting the same bang for the dollar as if we had a component school for them in one area, whatever that area would be, that we could funnel them into rather than try to spread this. I mean, when you take \$100,000 into five areas, it doesn't break down into a lot availability of trainers and facilities and equipment and all of these things. I'm just asking, have you considered centralizing versus decentralizing of this training program?

Mr. Jones: — We actually were attempting to create an environment where we were creating an opportunity for not only specific training in terms of leading towards either credits through your high school or hours towards your apprenticeship — and that certainly would be available there — but also even just creating an environment where we're developing in the inner city, and we can actually have some labour, young labour right from the community coming to the site and learning and getting some hands-on experience.

Of course we have, in addition to having skilled labour shortages, we have straight-out labour shortages. So it really was a situation of linking very specifically these capital assistance that comes through the 60 million with the training initiative.

We also want to be very, very careful that we're not duplicating. We're using these specific dollars to leverage and take advantage of the other training that is available through career and employment services, such as the construction careers program and so forth. So we didn't specifically look at trying to centralize but rather tried to create environments in each of the neighbourhoods that we'd be building in, as well as the North, to make easy access for young people to get involved in the trades in one fashion or another.

Mr. Merriman: — Yes. The reason I ask is I visited the facility here in north Regina that was doing some of this with the young people, getting them trade skills, and certainly compliment them on both the program and the initiative. And really where I'm trying to get to is that, you know, when they complete whatever — this portion of the training — we need to be able to then move them off into either apprenticeship programs or an additional education facility, whether it's SIAST or whatever.

Like once we've got them hooked and they're in there, we need to make sure that they're going to have the doors opened and opportunities to continue their trades and become apprentices and plumbers and carpenters or whatever it is that they wish to do. And that's really where I'm trying to understand if our

vision incorporates that type of thing or if it's just a training on the job and then that house is built and okay the kid's standing there. I mean where does he go from there?

Mr. Jones: — I think linking into the construction careers as one avenue creates not only . . . We wouldn't envision this just sort of being one house and, you know, we'll be doing a multiple unit developments and by linking into the program more broadly, and we have the \$60 million of provincial funding. We have the 50.6 of federal funding as well as the money we're still flowing out under the centenary affordable housing program. Closing off some of those projects allows us enough magnitude to, as you say, get them hooked — get them hooked on the housing business and on the housing trades.

And we absolutely want to ensure that we're connecting them wherever there's a desire on the part to take full advantage of the apprenticeship programming and, you know, the credits through the high school and so forth. So that they're not just there today and gone tomorrow but engaged in the industry. So we'll be working closely with the industry, with the Saskatchewan Home Builders' — Regina and region, and Saskatoon and region home builders — as well as the other training vehicles to see how we can try and make that as seamless as possible.

Mr. Merriman: — And actually that answered my next question, working with the associations. And I may be off base with this one because I'm not sure but I'm going to ask it anyway, and you can correct me if I'm wrong. What I hear from a lot of tradespeople is we have this program where we can only have one apprentice with one senior person or somebody who has their papers. In this program will we allow that to be in an addition to?

So in other words if I'm a plumber and I can only have one apprentice, I need to have somebody that's going to apprentice with me and I know is going to be in the trade, and if I put this young lad in for example that we're trying to train, I could lose my apprenticeship person that I have. Has there been any thought to or any discussions with the construction associations as to how we can alleviate that problem? You may not have the answer and I may not even have the question right.

Mr. Jones: — I can't speak specifically to the issue around some of the apprenticeship rules relative to how many journeymen to apprentices, and I do know that varies from one trade to another. I think where I could see a potential opportunity there is when we talk about having, utilizing some of this funding for coaches and mentors on site. Some of those coaches and mentors I could certainly envision them being journeymen carpenters, a journeymen plumber. So that would allow then an increase then on site of the number of apprentices that could be there. So there is the potential for that to occur as well.

Mr. Merriman: — I'm certainly in favour of it. And I guess I just am cautioning to ask the question of the different tradespeople that will this create them any angst that they may not want to participate if that's the issue? Or can we just put these young people in as tradespeople that are learning, or whatever, that doesn't affect the trades individuals? I know the people I know in the plumbing business have a serious issue

with this, that it's one-on-one. So if you were to take one of these young lads as, he could lose the one that he has, and I'm just cautioning that we should probably discuss this with those associations and then find a way around it because it is a good program and we need to have it there.

Mr. Jones: — We're certainly going to engage the industry as we move forward here and, you know, what we're hearing certainly from all segments of the industry is that there is a real need for increase in the skilled trades. And so we're hopeful that this will enhance both skilled trades development as well as straight-out engagement in the labour market in housing sector.

Mr. Merriman: — In talking to developers land is getting scarce, certainly in the city of Saskatoon. I can speak probably better to that one versus the other cities but is that going to cause us an issue in our ability to buy land for development of our new homes? I think that's why we see such a big spring up in Martensville and Warman is because of the . . . [inaudible] . . . of land from the city of Saskatoon. Does that cause us concern as to how we're going to be able to get this land to build these affordable housings?

Mr. Jones: — Land is absolutely one of the challenges associated with the delivery of affordable housing. Now we're targeting very specifically to the inner-city neighbourhoods and mature neighbourhoods in the communities, and so land is always a challenge in respect to delivering into those neighbourhoods because these are existing neighbourhoods. So we do look where possible. For example we develop on old school sites that have since come available. We develop on sites that are being sort of rejuvenated or made available. We develop on both individual lots as well as wherever we can on multiple environments.

So it's something we're constantly looking at and trying to achieve the land base that we need in order to do the development. This is where many times the acquisition and renovation has been helpful. We've been able to acquire dilapidated buildings and reinvest. They're still good structurally, but they've been let to run down to the point where the landlords aren't going to make an investment into them again. But we're able to purchase them at reasonable prices, renovate them, and then introduce the low- to moderate-income households back into those and have good quality housing. So by looking at it in both those contexts we seem to be able to continue to move forward.

With respect to the North, the NRSTA, northern revenue sharing trust account committee, has an environment where they can provide funding to the municipalities to develop land because it's a different issue there. It's not so much about an inner-city situation. It's just about having land available. And we work closely with the communities as well in terms of knowing what we're going to do on a go-forward basis. And where necessary, we'll work directly with the community to get the land development done.

Mr. Merriman: — With the shortage of housing, have we looked at multiple family units as an option? Obviously we'd prefer single family dwellings. Have we looked at all, or has any consideration been given to multiple unit facilities?

Mr. Jones: — Yes, we have many examples through our delivery under the centenary affordable housing program, and we certainly see that continue, and we're very desirous of still being able to do multiple unit dwellings.

In Saskatoon an example would be on 20th Street. We're currently developing a multiple unit area which is comprised of both the townhouse type environment as well as a walk-up apartment type environment.

And in Regina we have a similar initiative under way on an existing school site that came available, where it's townhouses as the first phase and then we'll be going with somewhat higher density as a second phase on that site. And then of course many of the projects I talk about in terms of acquisition and renovation are apartment style.

One of the nice features there is it gives us a broader range of suite type. We can have everything from one bedroom, two bedroom, and three bedroom, which allows us to cover off not only families but this new group that we're talking about where we're saying we're going to put some extra attention to that youth at risk group.

Mr. Merriman: — Youth at risk and transitional people who are coming in for training or whatever also need these types of facilities. So just so that I'm not misquoting you wrong, that some of these funds that we have currently available could also be used to purchase or build multiple family units. Is that correct?

Mr. Jones: — That's correct.

Mr. Merriman: — Let's take the four major cities that we're talking about, and we're talking about affordable housing, and I know we're talking of refurbishing inner city — no problem with that. Are we also looking that we should be looking at housing in other neighbourhoods other than the inner city so that we have a better disbursement of lifestyles and that we're not putting all people that we'd label to be poor in a six-block area? Are we trying to disperse this out throughout the various communities in a city like Saskatoon, or are we just focusing on what would be termed inner city?

Mr. Jones: — We typically use the term inner city when we describe this, but as part of our definition we talk about inner city and mature neighbourhood. And that's driven by, to some extent, the very point that you make around some distribution of population and low- and moderate-income and high-income earners, but also driven by the land availability question. And so we look at it from both an inner-city as well as a mature neighbourhood perspective.

Mr. Merriman: — Certainly in the neighbourhood that I live in, you know, we have a variety of everything. You know, we have fourplexes to large homes. And really I guess that's where my question was coming, that I wouldn't want us to see, to focus everything in what you and I are terming as inner city; that we were talking that it could go in most areas probably, other than areas of new construction because the costs would be prohibitive. But certainly that in Saskatoon would probably only be one area or two areas, maximum.

So that was what I'm trying to get to, to make sure that we're looking at areas like Silverwood where I live, where there's lots of multiple density housing, and we're not precluding that, and we're trying to funnel all of these funds into what would be deemed the core, city core, if you will.

And from, if I understand your answer right, you're agreeing that we are looking in the whole city, excluding areas that would be obviously out of question due to financial land considerations.

Mr. Jones: — I think both from a new development land consideration and certain areas of the cities are cost prohibitive, the price of the housing in a particular area would be out of reach in terms of being seen as being affordable. But in the neighbourhoods that are older neighbourhoods, have a nice mix of multiple and single detached and so forth, certainly those are areas — and they're in existing neighbourhood, a mature neighbourhood — we find that those are still affordable and within reach. So our first priority is inner city, but we move out from that on the basis of the very comments you've made.

Mr. Merriman: — Well I just want to thank you for your time and your answers. I'm going to turn it over to my colleague, but I just wanted to say thank you very much. It was informative and educational and I look forward to seeing the final plans when we meet again on the budget issues. Thank you.

The Chair: — Thank you. Mr. Hart.

Mr. Hart: — Thank you, Madam Chair. Minister, I was listening to your opening comments and I heard your reference to a youth facility on the Muskowekwan First Nations, and my understanding from your comments that some of this funding will be going to that facility. I wonder if you could just explain and expand your comments as to what actually is planned and how many dollars will be going to that facility and so on.

Hon. Mr. Belanger: — Again the information that you have expressed here is correct. There is \$1 million set aside in the supplementary estimates and again, for the actual detail of which my officials have been working on the project for quite some time, it's only fair then as opposed to me simply reiterating what they're going to say, at the outset I'll let them give you the information directly from them. So again I'd like to defer to the officials on this one.

Mr. Fisher: — Okay. The facility will be a replacement facility for an existing residential facility on Muskowekwan and it will be administered by the Touchwood, Qu'Appelle, Yorkton tribal child welfare agencies. The current planning would call for a 24-bed replacement facility.

Mr. Hart: — When do you anticipate that construction will begin on this new facility?

Mr. Fisher: — Well we're hopeful that construction can begin as quickly as possible. There has been some preliminary work done by the bands. They have a project manager engaged. They've done some preliminary schematic design for the facility. With the approval of this \$1 million in the supplementary estimates, we will become formally engaged in the process as well through Sask Housing and, you know, it's

just a question of how quickly we can pull all the design features together and agree on the best project that we can deliver.

Mr. Hart: — From what you said, would it be fair to say that the building will be owned and operated by the tribal council and your department will be providing some of the funding? Are there other partners that are also contributing to the funding — the band council, the federal government? What is the anticipated total cost of this facility? And if there is funding from other sources, what are those other sources and what are the approximate amounts of funding?

Mr. Fisher: — Well again we are talking preliminary estimates at this point, but I think the preliminary work that's been done would have a project in excess of \$3 million. The province, in the supplementary estimates, has identified \$1 million, up to \$1 million to contribute to this project. The balance will come from the bands. And they are also in discussion with the federal government about contributions as well.

Mr. Hart: — Okay good. Thank you for that information. On another topic dealing with Sask Housing, I was just looking at one of the most recent annual report, and there's discussions within that report about affordable housing to low- and modest-income families, households. The discussion was centred around the centenary affordable housing program. And just for my information and for the record, what is Sask Housing's definition first of all of a low-income household? And then I guess second to that, what's the figure for a modest-income?

Mr. Jones: — I'll start out with respect to the low-income household. We rely on some work that Canada Mortgage and Housing Corporation does where they establish what's called household income limits. And it's essentially households that are or would be challenged based on the current market conditions and be paying more than 30 per cent of their income for housing based on some modelling that they do relative to the marketplace.

So the housing income limits currently, and there's quite a schedule here so I'll see if I can figure out how to summarize this for you. It is based of course then on location as well because the market conditions vary throughout the province.

I'll maybe just give you the typical three bedroom kind of environment. So in urban centres it would be 27,500. Southern centres — the definition here is different, what that means in terms of geographic area — 35,500; in northern areas 39,500. So that captures the . . . for low-income households.

And then for moderate-income households, I think you were looking for as well. That goes up to, in southern communities up to . . . we have two zones there — 44,500 for families; 41,000 for seniors. And for zone 2, which is the northern communities, 62,000 for families and 51,000 for seniors.

Mr. Hart: — Thank you. I guess I could have simplified it a bit and asked you your definition of low income for seniors, say for a couple in rural Saskatchewan and in urban Saskatchewan, and I guess what we would term the southern portion of the province. Perhaps that would simplify it and give me a better

understanding of those terms.

Mr. Jones: — A lot of times the allowances are based on bedroom requirement. So if it's a single senior or seniors that require one bedroom then you would be at 28,500 in the southern centres.

Mr. Hart: — Great, thank you. Another question that I would have is in rural Saskatchewan, and this is true in my constituency, we have a number of small communities that Sask Housing owns housing units — whether they be duplexes or multi-unit facilities.

And I'm aware of at least a few communities in rural Saskatchewan where these facilities are, frankly, aren't being used or at least a number of them aren't being used. And I'm also aware that some of the smaller units are, I believe, are being offered for sale or have been put up for sale.

The question that I have got from constituents is, what is Sask Housing planning on doing with the multi-unit facilities? I can think of some that have perhaps six suites in them plus a common room and there, you know, and there isn't anybody living in some of these. So what I'm asking is, what are your plans in the near and intermediate future for these facilities?

Mr. Jones: — As part of HomeFirst when we introduced it in 2004, one of the components was what we call our better use program. And so particularly we've identified and hope to transition about 1,000 units that are chronically vacant — predominantly in rural Saskatchewan where we've seen a decrease in population — and either sell these housing units or find a better solution for the housing units in the community.

We've had very good success to date. We've seen about 220 housing units where we've sold. And the vast majority of them to date have ended up being and creating home ownership opportunities in the communities. So it's actually gone over very well. We've been very pleased with the progress. And not only has it created home ownership opportunities, but essentially what I would term as a very affordable home ownership opportunities for people that are wanting to continue to make their home in the community.

So that's certainly our first priority, and we've been able to partner our home ownership programming so if a person doesn't have the down payment and so forth, we can also assist them financially to participate in a home ownership opportunity. So it's been very fruitful so far.

As we continue to progress, it does become more challenging because we get into the multi-unit dwellings. We have sold some of the semi-detached senior units that you described, and those have gone for home ownership in many cases as well. People turn them into three-bedroom homes and use creative solutions. So it's worked out really well.

We'll put out a request for proposal on some of the multi-unit dwellings to the community and the surrounding area to see what kind of ideas can come out of the community and their area for the multiple-unit projects. And we will sell those as well. And we'll work closely with the community if it makes sense to relocate the housing units to another community where

there is demand.

Certainly we want to make sure that, as we call it, make the best use and the better use out of the housing that exists there. So sometimes it makes sense to relocate as well.

Mr. Hart: — Have you relocated many or any of the multi-unit facilities?

Mr. Jones: — We've done some multi-unit. As soon as you get into multi-unit, it becomes more costly and sometimes then becomes cost prohibitive. So we've done predominantly semi-detached units, but we have done some bigger projects historically.

We haven't done any real big projects in the last couple of years because we have been doing some of this for a period of time now. We've accelerated our effort in the last couple of years. So if it makes economic sense to move a multi-unit, we will look at it and consider it, again with heavy consultation with the community.

Mr. Hart: — In those instances where multi-unit complexes were moved, I understood you to say that they were moved perhaps to a neighbouring town where there is demand, and I know that's the situation in a number of areas of rural Saskatchewan.

If a situation exists where there's a vacant facility in one town and maybe a town or two down the highway there's a community that requires more senior housing, what would be the process to get this whole relocation initiative started? What would you recommend to those housing authorities that need more units and have identified some vacant ones that they could use, you know, very effectively in their community? How would they start that process?

Mr. Jones: — Well certainly we're obviously quite engaged with communities that have the chronic vacancies. We're working with most of those communities. So they'd be aware of their situation obviously. And then communities that feel they have a need, an ongoing need, if they can let us know, make us aware, contact Sask Housing Corporation. And particularly if they were interested in taking on a kind of regional approach because, if you can take a regional approach, then it seems to work better all the way around.

And we do have a particular case where we approved a project in the Hanley area actually quite recently, where we're moving a project, I think, it's into Hanley from a neighbouring community. But the project we're moving in, this is under the centenary affordable housing program; it's not actually part of our existing portfolio. It's a different portfolio, and it's coming into Hanley. So I mean it can be quite effective.

The Chair: — Mr. Toth.

Mr. Toth: — Thank you, Madam Chair. To the minister and his officials, and you just a moment ago mentioned centenary fund, that centenary housing fund. I'm not sure if it was called ECHO [Encouraging Community Housing Options], or that's what an individual had mentioned to me. But the question arises, was all of that funding for affordable housing used at the

time, or are some of the projects moved into this current supplementary budget item?

Mr. Jones: — Where we're at with the centenary affordable housing program is essentially, we're at a point of full commitment. So what we saw with this program, which actually we're very pleased with . . . because of course it's really positioned us well with the new money in terms of proposals that we can move forward on more rapidly.

When we started out with the centenary affordable housing program, the communities, the proponents, they weren't geared up, so it's taken some time. But we've really seen a thrust of a lot of good proposals coming in and so forth in recent months. So we are now fully committed under the centenary affordable housing program and fully, sort of, prioritized.

We still have some commitments to issue because we're still finalizing some projects with proponents who are well on the way, but we know they're good projects, strong proposals, so it's just a matter of, you know, some days and weeks to finalize those commitments. So that program, essentially we're not in a position to take any new proposals then what we've already got.

Mr. Toth: — All right, thank you. The reason I raise the question is because I had a question come to my office — I believe late in fall, early January — regarding the program and from the community of Windthorst. And I understand there's some officials out in the fall, they had asked about the possibility of taking a school building which was now available and creating some seniors' housing units in it, and it's my understanding that they were told, well apply, don't apply, apply, don't apply and I believe they now have made application.

I don't know where the proposal is or how far along it is. Maybe it's part of that where you haven't completed all the formal discussion with people. I don't know. But I would just, I guess the question arises, when you look at proposals like this . . . And I know the building is good. The community a few years ago . . . certainly there was some challenges when they had to look at declining enrolment and then . . . but has worked out very well. That's how the community has worked together and found it was more advantageous to move students down the road into Kipling, and then of course with this property available. So I don't know if it's possible to give any information as to where that project may be, and that proposal as far as how far advanced it is and how the department is approaching it.

Mr. Jones: — I'm familiar with the Windthorst proposal, and your referenced ECHO. I don't know the specific details in terms of when they first approached us and you mentioned on-off kind of thing. We do have a part of the process that we utilize with any of our new developments where — if a community needs some additional resources upfront in order to try and do their feasibility study, determine whether they have the necessary need and demand in the community, whether the project will be viable over the long term and so forth — we will provide some assistance up to \$10,000. So I believe we did provide them with some funding in order to undertake that feasibility study. So that was the segment.

Any project and community that, you know, seems to be getting organized and wanting to move forward, we will provide that seed money, and it's non-repayable, but it allows them to sort of get some consultants in place and so forth and do the legwork. So that is the element of which we did approve and provided funding, but we haven't issued them any approval relative to the funding for the project per se.

Mr. Toth: — Well thank you. I appreciate that, and certainly I'm not going to push the issue any further, but I think when we get to major budgetary estimates on Community Resources following the presentation of the budget we can, after some follow-up, we can certainly pursue the subject a little more at that time.

I appreciate the comments. Just one question here, child and family community-based organizations — now I wasn't here immediately when we started, when the committee was meeting. That \$1 million, was that for community-based organizations providing programming? Is that what that expenditure is?

Hon. Mr. Belanger: — Don, just while the officials are getting ready, I just want to take you a bit back to the question on Windthorst. I think the question was posed to me at SUMA [Saskatchewan Urban Municipalities Association]. I believe that this was the same delegate at SUMA that got up and asked where this project was, and at the time we didn't know where the project was. And what the gentleman brought up at SUMA — and this is of course something that I think is important that I make reference to — is he indicated to me that the officials at Sask Housing were prompting the project to go ahead. We have checked into that. And by no way that I can see from the information, that Sask Housing gave approval then withdrew approval. Windthorst has to go through the process of applying of course. Then the officials make their recommendations based on the criteria that was indicated by the president of Sask Housing.

So what we indicated to the gentleman from Windthorst — and I'm pretty sure he was from Windthorst — is that we would be having a meeting with him to determine what exactly was said to him. And at the time I indicated publicly that if there's a mistake made, we'll correct the mistake. But from all indications that I received, that the question that he posed to us was that, was our project approved and then not approved and was the money taken, then put into something else. And correct me if I'm wrong, the president of Sask Housing has indicated that, no, there was not an approval process in place. They have to get their applications through like everybody else. And no, we did not say, okay now that you've been approved, we changed our mind; we're talking the money, using it somewhere else.

That was what I thought he believed happened, and I want to clarify to you as the MLA [Member of the Legislative Assembly] for that region, there was never ever an approval in place. And they have to compete like anybody else. And there will be a determination based on the merits of their application, and at that time approval or non-approval will be issued to them.

Mr. Fisher: — On the question regarding the \$1 million, that

\$1 million is for a capital contribution to a residential youth facility. It's not for a group of community-based organizations. It's for replacement of one particular facility.

Mr. Toth: — And which facility would that be?

Mr. Fisher: — The Four Directions youth facility.

Mr. Toth: — Oh okay. I think I did hear my colleague talking about that as well. And to the minister, I just want to let you know that that was not the information that's been relayed to me in regards to the Windthorst project. It was just a matter of a sense I got from the secretary of the community that Sask Housing thought the . . . or the officials they had talked to at least, which she inferred that they had a good idea and they should go forward and make application, and that's how I'm approaching it, not on the basis of maybe the mistake that one person might have understood that approval had already been given.

That's not the approach I'm taking. Just following up what the normal process would be, and I appreciate that. Thank you.

Hon. Mr. Belanger: — No, and that's certainly fair because I think one of the things that people sometimes may misconstrue this whole process that . . . like through the ECHO funding where they're giving them money to do the research. Well I think there they feel that, because we're getting money to do the research on the project, that must mean the signals are we're going to get the project.

I think it's very careful and clear in terms of the directions that the officials give that this is seed money to help you prepare your project. This is not seed money that would then lend itself to approval.

So it's important I think as the MLA to know that, is that from the information that I got, they did receive ECHO funding. It was to help them position their project as best they can. It's seed money to assist them in developing their proposal, but no way, shape, or form does it mean approval.

And this project, like any other project, will be determined based on its merit, and there's a wide variety of consideration when you look at each application. So I think this was where there's a bit of confusion, and I just want to clarify that there was no approval and secondly that, you know, the money that people assume was coming to their project was not taken from their project and placed elsewhere.

And the president here has confirmed that, and he has certainly assured me that to be the case. Thank you.

The Chair: — Thank you. Seeing no further questions then, thank you to the minister and his officials, and we'll actually do the voting now.

For the supplementary estimates on page 7 of your book, we have child and family services (CR04) \$1,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And (CR12) for housing, Sask Housing Corporation \$60,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — So we then vote for Community Resources, vote 36, to give \$61,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And I need a member to move that we:

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Community Resources, \$61,000,000.

Mr. Prebble.

Mr. Prebble: — I so move.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

[Vote 36 agreed to.]

**General Revenue Fund
Supplementary Estimates — March
Advanced Education and Employment
Vote 37**

Subvotes (AE02) and (AE08)

The Chair: — And for Advanced Education and Employment, vote 37 on the top of the same page, post-secondary education (AE02), post-secondary capital transfers, \$17,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Capital asset acquisition (AE08), capital asset acquisition, 3,574,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — For a total of 20,574,000 for Advanced Education and Employment, vote 37. Is that agreed? I need a motion:

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Advanced Education and Employment, 20,574,000.

Mr. Prebble again.

Mr. Prebble: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

[Vote 37 agreed to.]

**General Revenue Fund
Supplementary Estimates — March
Health
Vote 32**

Subvotes (HE04) and (HE03)

The Chair: — And we have Health, vote 32 on page 9, provincial health services (HE04), provincial targeted programs and services, \$12,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Health regional services (HE03) 8,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — For a total to Health under vote 32 for \$20,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I need a motion then:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Health, \$20,000,000.

Mr. Borgerson.

Mr. Borgerson: — I will so move.

The Chair: — Thank you. All agreed?

Some Hon. Members: — Agreed.

[Vote 32 agreed to.]

**General Revenue Fund
Supplementary Estimates — March
Corrections and Public Safety
Vote 73**

Subvote (CP05)

The Chair: — For Corrections and Public Safety, vote 73 on page 8, replacement services during work stoppage (CP05), \$20,150,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — A motion then:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Corrections and Public Safety, 20,150,000.

Mr. Prebble.

Mr. Prebble: — I so move.

The Chair: — Thank you. Agreed?

Some Hon. Members: — Agreed.

[Vote 73 agreed to.]

**General Revenue Fund
Supplementary Estimates — March
Learning
Vote 5**

Subvote (LR03)

The Chair: — And I think there's one more. Learning and that's on page 10, vote 5, (LR03) for school capital transfers 15,000,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I need a motion then:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Learning, 15,000,000.

Ms. Crofford.

Ms. Crofford: — I so move.

The Chair: — Thank you. All agreed?

Some Hon. Members: — Agreed.

[Vote 5 agreed to.]

The Chair: — Thank you. Now we have the minister here. We need a motion:

That the eighth report of the Standing Committee on Human Services be adopted and presented to the Assembly.

Mr. Elhard.

Mr. Elhard: — I so move.

The Chair: — Thank you. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Thank you.

**Bill No. 27 — The Film Employment Tax Credit
Amendment Act, 2006**

Clause 1

The Chair: — Welcome to the minister. We have now on the agenda consideration of Bill No. 27, The Film Employment Tax Credit Amendment Act, 2006. The minister is here with an official. Would you like to introduce your official? And if you have any statement to the Bill, please give it now.

Hon. Mr. Hagel: — Sure, Madam Chair, and the members of the committee, I'd be happy to introduce first of all our

department's executive director of culture and heritage, Dawn Martin, who joins me and will assist in responding to questions or comments of the members.

Maybe I can just give you a quick summary of what gets us to this piece of legislation and the importance of the amendment in the world of support for the film industry and management of its benefit to Saskatchewan specifically.

Since the inception of the film employment tax credit program, producers have been able to receive a bonus for undertaking productions outside of a 40-kilometre radius outside of Regina or Saskatoon. And the program has provided film producers with a bonus of 5 per cent of all production costs incurred in Saskatchewan. Note that these costs may not simply be labour costs, but they can also include such things as accommodation, equipment, rentals, material costs, and so on. So it's not just labour; it's the range of things.

Since the program's inception, total production cost for the eligible film occurred in Saskatchewan has been interpreted — that phrase, total production cost for the eligible film incurred in Saskatchewan — that phrase has been interpreted to exclude the salaries paid to non-resident personnel who have been deemed to be Saskatchewan residents for the purpose of the tax credit. So there is a deeming that applies to the tax credit.

In 2006 there was a production company that appealed this interpretation, that because these personnel were paid in Saskatchewan, they should be considered to be included in the definition of total production costs for the eligible film incurred in Saskatchewan — that key phrase. And the department's legal counsel agreed that the argument had merit, and the appeal was supported — not the intent — but there you are.

However it is not deemed the intent of the program to provide the rural bonus on salaries paid to personnel who are not Saskatchewan residents. The intention all along was that when the rural bonus was applied, that it would only apply to salaries of residents of Saskatchewan. Clearly our policy objective is to support the growth of the industry and the . . . and in support of Saskatchewan people acquiring the skills to earn their livings and their careers in the industry.

The proposed amendment then, or amendments, are designed to exclude salaries paid to non-Saskatchewan residents, whether or not they have been deemed to be Saskatchewan residents for the purpose of the tax credit program. So you have a tax credit program. Whether or not they were deemed to be Saskatchewan residents for that part of it, it doesn't matter. When you get to the 5 per cent rural bonus, if you're not from Saskatchewan, it doesn't apply to the labour costs. And that's the long and the short of it. And I'm happy to respond to any questions or comments members may have, Madam Chair.

The Chair: — Thank you. Mr. Elhard.

Mr. Elhard: — Thank you, Mr. Minister, and welcome. We don't have a lot of time this afternoon, but there are a couple of things that I would like to question you regarding this particular piece of legislation, and you've answered one of the questions I suppose.

I wanted to know what the rural bonus program was. Now you said it's 5 per cent, and it's for locations 40 kilometres outside of?

Hon. Mr. Hagel: — Regina and Saskatoon.

Mr. Elhard: — Just those two urban centres.

Hon. Mr. Hagel: — Yes.

Mr. Elhard: — Per se.

Hon. Mr. Hagel: — Yes.

Mr. Elhard: — All right. One of the things that comes to mind I guess is the kind of complicated or convoluted element of the first paragraph in the explanation that was provided. It says here that total production costs for the eligible film incurred in Saskatchewan has been attributed to exclude the salaries paid to non-resident personnel who've been deemed to be Saskatchewan residents for the purposes of the tax credit. Why would we deem somebody to be a Saskatchewan resident and then exclude them from the calculation?

Hon. Mr. Hagel: — The tax credit is intended to support Saskatchewan people being able to develop the skills in the film industry. As you'll probably know, in the film industry people gain their qualifications through experience, and it's as you develop your portfolio, therefore you increase your credential. So it's an industry where you advance your career by doing as opposed to where we might normally think is through academic achievement or so on. That may come in, but in the world of film that's the important part.

Sometimes it will be the case that there are not Saskatchewan people available to perform duties that are required in the production of film. And so in order to support the productions being here for the purpose of the tax credit itself, it is possible to deem out-of-Saskatchewan people. There would be limits to that. It's 25 per cent in total. But it's possible to deem then some people to be residents for purpose of the tax credit, for the tax credit.

But on the 5 per cent bonus, this was intended to support the presence of the film industry outside of the two larger cities, so in the rest of the province. It was never . . . The 5 per cent applies to production costs. And it was never ever intended that that 5 per cent then benefit to the film producer, would apply to those who were not Saskatchewan and deemed, and they had already benefited on the tax credit side. So it was not intended to carry that benefit over to, in effect sort of a bonus benefit for the presence of the film industry outside of the two larger cities.

Mr. Elhard: — So the deeming in effect of non-resident players in this industry was granted where we had a skill shortage or a capacity shortage.

Hon. Mr. Hagel: — That's right. That's right.

Mr. Elhard: — Okay. And you saw the application of the rural bonus as double-dipping on the program?

Hon. Mr. Hagel: — In essence, yes, because it had a different

role. Its role was to support the film industry's presence outside of the two larger cities, yes.

Mr. Elhard: — In your estimation, what has this interpretation cost the industry? I assume that it actually cost the government because the government is the one that forgoes the income as a result of the tax credit.

Hon. Mr. Hagel: — It's been a one-time experience so far, and the net cost that this change would have prevented had it been in place was \$59,000.

Mr. Elhard: — So this really hasn't been a big problem. What you're doing is preventing it from becoming a problem.

Hon. Mr. Hagel: — Because we've had a precedent set now and that's the signal. Because when you looked at the way the legislation was actually worded, it was possible to interpret it as the film producer at that time interpreted to their benefit. And we looked at that and said, that's not what we intended, so let's just do an amendment to make it exactly what we intended it to be. So what we're doing here is accomplishing through the amendment, what we have always intended for the 5 per cent application, rural bonus application to be.

Mr. Elhard: — I see by the explanation notes also that the legal counsel for Culture, Youth and Recreation agreed with the argument of the case that was brought to the fore by this particular disputed provision, and yet we're closing that loophole. So I take it that legal counsel for CYR [Culture, Youth and Recreation] was disagreed with by the Justice department. I mean, there's obviously a differing opinion here having this amendment brought forward.

Hon. Mr. Hagel: — Yes. The legal counsel for CYR is from the Justice department. CYR will not have any legal counsel that's outside of Justice. And it was on review of the legislation as it is currently worded, without the amendment, that legal counsel felt that the argument had merit and then therefore recommended that it should ought to be changed. Because legal counsel was well aware of what the intention was, but the legislation as worded left that quotes, "loophole" available to the producer.

Mr. Elhard: — When I read here that legal counsel agreed that the argument had merit and the appeal was supported, can I read into that or read from that that the \$59,000 that you've indicated was the cost of this loophole was accepted by the Justice department?

Hon. Mr. Hagel: — Yes, it was accepted by the department upon the advice of the Justice department, yes.

Mr. Elhard: — Okay. And going forward, have you had any representation to the department that this particular amendment will impact decisions by producers as it relates to rural filming?

Hon. Mr. Hagel: — The answer is no, because I think by and large the world has assumed that it was what we meant it to be. So once you find yourself faced with a different interpretation that's cost you some money, you just go and you fix it. You see we haven't stepped back, but I think I would predict that if we didn't change this to be what we originally intended it to be,

that we would find the word would be very quickly spread and the cost would rise, would rise accordingly.

Now some of that does have a built-in limit because of the 25 per cent cap on the deemed, on the deemed labour. So this won't, in my judgment will not in any way deter film producers that were looking at Saskatchewan because it's not been thought that this loophole that we're filling existed previously. Yes.

Mr. Elhard: — Given the experience of your department and your government, Mr. Minister, do you anticipate revisiting this tax credit provision, expanding it in any way or altering it to benefit the industry in any substantial manner in the future?

Hon. Mr. Hagel: — It's not certainly, it's not an item that's currently under review by the department or by the minister.

Mr. Elhard: — But you're certainly happy with the impact it's had and the effect it's had on the industry to date.

Hon. Mr. Hagel: — Yes, absolutely. Oh absolutely. We will all be aware that there was a time before the specific government policy related to tax credit was put in place and Saskatchewan... It had a phenomenal change in the interest that Saskatchewan got from the film industry. As the changes were made, including then of course the introduction of the interaction of the sound stage, these things have made Saskatchewan a very attractive place to consider productions. So too are other provinces having, will have similar kinds of approaches to supporting the film industry. And one of the things that we had to do is to look very hard at what we were prepared to offer by way of tax credit to the film industry in order to be competitive.

But once the film industry has been here and has appreciated a number of the things — the sound stage; the range of topography; the growing capacity of locally available, skilled, trained film industry personnel — these things continue to be very attractive to us.

So I think our challenge for Saskatchewan in the foreseeable future is it will be developing the human resources that the film industry will want to have to be able to support the requirements it has. So that's when we're looking at the film industry in Saskatchewan today, it's not about right now. I'd say our top priority in terms of challenge is not about getting the attention of the industry; it's building the experience and the human resources for people here to be available. So the industry wants to grow in Saskatchewan.

Mr. Elhard: — I understand that this industry is very competitive. Other jurisdictions have become more aggressive in terms of their offerings to the film industry. And I guess I would ask the minister if you're doing a constant comparison of other jurisdictions. And if so, where do we sit in your estimation? And if manpower is the most limiting feature of our success, are there any plans to address that?

Hon. Mr. Hagel: — I suppose that there could be some debate as to whether, in the context of the provinces and the country, whether we're first or second in terms of attractive tax credit system. Us and Manitoba would be seen as the two most

attractive. The department is working together with the film industry to develop a human resource plan, looking to the industry to provide guidance and advice to us.

As I said previously, in this industry the credential is earned by doing. And therefore it's important to be talking with the industry in advance and put their needs and trying to coordinate, because it's managing the productions that are happening and the opportunity for mentoring that gives people new in the industry some experience, and then as they gain experience it just becomes increasingly attractive.

So there is a human resources development plan that's being worked on by the department in collaboration with the industry. And I point that out, that it's with the industry, which is maybe more significant in this particular industry where you're not specifically referring say to academic or post-secondary institutions.

Mr. Elhard: — I have no further questions, Madam.

The Chair: — Thank you to the minister and his official. And now we'll go . . . Seeing there are no further questions. Just short title, clause 1, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Film Employment Tax Credit Amendment Act, 2006.

Could I have a member move that we report this Bill to the House without amendment?

Mr. Borgerson: — I will so move.

The Chair: — Mr. Borgerson. Thank you. All in favour?

Some Hon. Members: — Agreed.

The Chair: — And seeing it's past 5 o'clock, the committee now stands adjourned.

[The committee adjourned at 17:04.]