



# **STANDING COMMITTEE ON THE ECONOMY**

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**STANDING COMMITTEE ON THE ECONOMY  
2005**

Mr. Kevin Yates, Chair  
Regina Dewdney

Mr. Randy Weekes, Deputy Chair  
Biggar

Ms. Brenda Bakken Lackey  
Weyburn-Big Muddy

Ms. Doreen Hamilton  
Regina Wascana Plains

Hon. Deb Higgins  
Moose Jaw Wakamow

Mr. Delbert Kirsch  
Batoche

Mr. Eldon Lautermilch  
Prince Albert Northcote

[The committee met at 15:00.]

**The Chair:** — Thank you very much, committee members, for joining us this afternoon. We are again sitting in the Committee of the Economy to deal with legislation before the Assembly and sent to this committee. We have with us today the members of the committee, Ms. Morin, Ms. Hamilton, Mr. Lautermilch, Mr. Weekes, Mr. Krawetz, and Mr. Hart, as well as the Minister of Labour. And I'd ask the Minister of Labour at this point to introduce her officials to the committee.

**Bill No. 20 — The Collective Bargaining Agreement  
Expiry Date Exception Act**

**Clause 1**

**Hon. Ms. Higgins:** — Thank you very much, Mr. Chair. I'd like to introduce the officials that are here with me this afternoon. To my right is Bill Craik, the deputy minister of Labour; to my left is Mary Ellen Wellsch, the manager of legal policy and legislation; and sitting behind at the table is Pat Parenteau, senior policy analyst.

Mr. Chair, we're here to look at the IPSCO Bill. This Bill will allow IPSCO and its union, the United Steelworkers of America, Local 5890, allow them to proceed with a five-year agreement effective August 1, 2006. And it will provide the same ability to Shaw Pipe Protection Ltd., and its union, the Construction and General Workers' Union, Local 180.

IPSCO is an international company employing 700 people here in the city of Regina. Its sole line of business is steel making and fabricating. Shaw is an international company with 60 employees here in Regina. A five-year agreement positions these companies to take advantage of significant business opportunities available now and in the future.

With that I would like to welcome any questions that you may have with respect to The Collective Bargaining Agreement Expiry Date Exception Act. Thank you very much.

**The Chair:** — Thank you very much, Madam Minister. As the minister has indicated, the item of business before us to start is The Collective Bargaining Agreement Expiry Date Exception Act. I now open the floor for questions. I recognize Mr. Krawetz.

**Mr. Krawetz:** — Thank you very much, Mr. Chair. Madam Minister, I intend to be quite brief on Bill No. 20 this afternoon. But just a couple of questions and a couple of comments.

First of all, Madam Minister, we have seen a very similar Bill before and in fact we are repealing that Act today. And I'm wondering why this is necessary. Why do we continue to need to have Acts that are exceptions to the cases that we see before us?

**Hon. Ms. Higgins:** — The exception to what is in the legislation?

**Mr. Krawetz:** — That's right.

**Hon. Ms. Higgins:** — One of the reasons that we hear from the United Steelworkers of America and IPSCO is that there is a need, for contractual reasons, for jobs that IPSCO is bidding on, tenders that they may be putting in, that they would like . . . the companies that they deal with would like a longer term and to ensure that there's a reliable source, if these are large contracts that may extend over a number of years. This facilitates that, by allowing that there isn't an open period in the agreement.

You will know from the previous discussions that we have had, out of probably the 800-plus collective agreements that are in the province of Saskatchewan, there's probably 50 that are signed longer than three years. It can be done in a variety of ways. You could have . . . I mean you could just decide to sign a collective agreement of three years, or five years, but it would still allow you at the end of three years to have that open period where there may be an indication or a request to reopen the agreement to address something that may have changed over that period of time.

You will see some instances where people will sign — unions and the companies that are in collective bargaining — that may sign consecutive agreements, say a three-year and a two-year, or two three-years. That has happened on occasion. But it still allows you the open period where there may be notice given for reopening of the agreement.

So what this does by the legislation, it provides for a continuous agreement for the five years to . . . It takes away the open period, which the parties have agreed to, and really provides for that stability during the five years for contracts or tenders.

**Mr. Krawetz:** — Thank you, Madam Minister. Madam Minister, as I indicated yesterday in the Legislative Chamber, I made reference to a legal case that has been dealt with by the Labour Relations Board involving the employer, Wheat City Metals, and the United Steelworkers of America Local 5917 who have, you know, been at odds, I guess is the best way to put it, through their negotiation.

It necessitated, first of all, I understand there was a lockout and then there was a challenge to that and the Labour Relations Board had made a decision and then it was challenged through the court of law.

Madam Minister, are there many more such legal cases that occur because of the restrictive nature of that three-year stipulation within The Trade Union Act?

**Hon. Ms. Higgins:** — I don't know whether you could say that that case was because of The Trade Union Act. As I've previously stated, there's a number of occasions where the union and the employer have agreed to longer contracts, where they have agreed to sign back-to-back agreements.

I think in the instance of the case that you cited, it was not agreed to. One side wanted to sign a three-year agreement and one side wanted to have a longer agreement. So there was no consensus between the parties. It's available to parties that agree to go longer than the three years.

**Mr. Krawetz:** — Madam Minister, have there been any

agreements where the parties have agreed to a four-year agreement or a five-year agreement? I think you made reference to many agreements that are beyond three years, which is more than what The Trade Union Act indicates, and that sort of an understanding was there, that it would be extended but indeed as the legislation allows, at the end of three years. Were there cases where that in fact was opened?

**Hon. Ms. Higgins:** — There's none that come to mind. There's none that I have knowledge of.

**Mr. Krawetz:** — Okay, great. Thank you very much. Madam Minister, just for clarification purposes, I note that in subsection (2) or clause 2(1), I should say, really what we're dealing with is the old portion of the Act that we are repealing today. And I notice that it says IPSCO Inc. as one of the parties that's affected. And then when we deal with the creation of the additional contract, we now refer to it as IPSCO Saskatchewan Inc. Is that just housekeeping? Is that something that is of concern?

**Hon. Ms. Higgins:** — No, that's the legal name of IPSCO as it's currently registered, I would assume.

**Mr. Krawetz:** — So does that mean that the legal name has changed, or was IPSCO Inc. the same as IPSCO Saskatchewan Inc.?

**Hon. Ms. Higgins:** — Our understanding is that it's changed to Saskatchewan Inc., or Saskatchewan . . . yes that's the way that it is now, has the Saskatchewan inserted where it didn't before.

**Mr. Krawetz:** — Right. And I'm asking just for clarification so we understand what that clause is referring to when the clause says that the collective agreement between IPSCO Inc. and United Steelworkers of America that came into effect on August 1, 2002 is still going to be that agreed-to bargaining date which was July 31, 2006. And then at the bottom, in the very next paragraph we're now talking about the same company but we're now talking about IPSCO Saskatchewan Inc. So if we're repealing one and then creating, you know, IPSCO Saskatchewan, it's confusing. So I'm just wondering as to why that's the way it is.

**Hon. Ms. Higgins:** — There may have been a legal change in the name of IPSCO, how they're registered. But it wouldn't have any effect, to my knowledge, on the legitimacy of the contracts that were signed, or the legislation.

**Mr. Krawetz:** — Okay. That's what I wanted to hear is that indeed the legitimacy is not being challenged or this has nothing to do with that. Then, Madam Minister, as I see this clause no. 2 . . . or sorry, clause 2(1) and (2), what we're really doing is taking a clause from a former Act and creating subclause (1) as that Act that has been in force already since 2002. It will have an expiry date of July 31, 2006. And then subclause no. (2) then says that the new agreement that's going to come into force on August 1, 2006 that we now require sort of an approval of the expiry date to be July 31, 2011. Is that the simplified version of what these two clauses are saying?

**Hon. Ms. Higgins:** — Well I would think even more simplified it refers to the expiry dates as laid out in the collective

bargaining agreement.

**Mr. Krawetz:** — And because those dates are not listed here I just wanted to confirm that the current agreement that was signed back on August 1, 2002 and that Act is being repealed. We're rolling that into clause 2(1) to say in the agreement the date is July 31, 2006. Is that correct?

**Hon. Ms. Higgins:** — Yes.

**Mr. Krawetz:** — Yes. And then clause 2(2) is saying that a new agreement has been negotiated and that term of that new agreement is August 1, 2006 to the date of July 31, 2011.

**Hon. Ms. Higgins:** — Yes.

**Mr. Krawetz:** — Thank you. The third situation, Madam Minister, it doesn't mention the date and you've indicated five years as well. Now I see that the contract has been negotiated with Shaw Pipe Protection Ltd. and you've already made reference to the fact that the union involved in this set of bargaining was CGWU [Construction and General Workers' Union] and that that agreement comes into effect on November 1, 2005 — just a short time ago, a month ago — and it will run to October 31, 2010. Is that correct?

**Hon. Ms. Higgins:** — October 31, 2010. Yes.

**Mr. Krawetz:** — The five-year agreement?

**Hon. Ms. Higgins:** — Yes, the five-year agreement.

**Mr. Krawetz:** — With those clarifications, Mr. Chair, I have no further questions.

**The Chair:** — Thank you very much, Mr. Krawetz. Article 1, short title. Is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

**The Chair:** — Her Majesty by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts as follows: The Collective Bargaining Agreement Expiry Date Exception Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you. Could I get a member to move that we report the Bill without amendment?

**Ms. Hamilton:** — So moved.

**The Chair:** — Thank you. Moved by Ms. Hamilton. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

**Bill No. 25 — The Workers' Compensation  
Amendment Act, 2005**

**Clause 1**

**The Chair:** — All right the next item before the committee is Bill No. 25, The Workers' Compensation Amendment Act. Madam Minister would you like to make some opening remarks?

**Hon. Ms. Higgins:** — Thank you very much, Mr. Chair. Just for the members' information or if any new members have joined us, to my right is Bill Craik who is deputy minister of Labour. To my left is Mary Ellen Wellsch, manager of legal policy and legislation. Sitting behind at the table is Pat Parenteau, senior policy analyst within the department.

The Workers' Compensation Act, 1979 establishes a no-fault insurance scheme for injuries suffered by employees at work. It's fully funded by premiums paid by employers.

In 2003 the Act was amended to list certain diseases that, if suffered by firefighters, are presumed to be occupational diseases. This amendment followed significant research into medical evidence that established a connection between these diseases and the occupation of firefighting.

This Bill will amend the Act to provide firefighters with presumptive coverage for four more occupational diseases. And these are: primary site ureter cancer, primary site colorectal cancer, primary site lung cancer in non-smokers, and heart injury if it occurs within 24 hours of an emergency response.

With that, I would like to welcome any questions that the committee may have on The Workers' Compensation Amendment Act, 2005.

**The Chair:** — Thank you very much, Madam Minister. I'll now open the floor for questions. I recognize Mr. Krawetz.

**Mr. Krawetz:** — Thank you very much, Mr. Chair. Again a few questions of clarification, Madam Minister. And I first want to begin by thanking you for the information that you provided regarding claims that have, you know, faced the firefighters in the past three years, and an explanation of some of the reasons why we're moving forward. And I want to thank you. And also I want to indicate, Mr. Chair, that the fire fighters association was very helpful in explaining some of the reasons why some of the things that are requested are before us today.

Madam Minister, you have noted in discussions with me that of course a lot of the concerns that have been expressed, not only in Canada but probably North America, that you're looking at other jurisdictions that have followed . . . and you indicated that Manitoba was, you know, a little bit ahead on this one in that they started to work on revisions to their Workers Compensation Act this spring and in fact have enacted some things.

One of the differences though, Madam Minister — and I'd like to get probably a medical explanation or how this is effected — is that the Manitoba additional cancers that have been added to the Manitoba list does not include testicular cancer and the

Saskatchewan one does.

And I note that in your comments, you said that it was the latest medical evidence that you have. Could you elaborate on the reason why we would have the addition of that cancer when Manitoba did not add that? And their revisions are, as I indicated in the House, I believe the regulations are as fresh as October 31, 2005.

**Hon. Ms. Higgins:** — Well I'm not going to give you a medical explanation for sure; I'm not even attempt that. But what I will tell you was the research that is probably . . . the research that a majority of the legislation anywhere across Canada is based on, is done by a Dr. Guidotti and also with references in his work to research that is done in the United States. So that's where this stems from.

When we talked about . . . Now my recollection — and you may need to spark my memory a bit on this, but I know the day that you and I were discussing this piece in the House — we were also talking about the table that would need to be put in the regulations and that we would be looking at similar timelines to what had been used within Manitoba's. And we talked about our regulations and those timelines will mirror what's in Manitoba's regulations. You know, the time involved, I don't know whether they will be laid out the same; that's still work to be done.

**Mr. Krawetz:** — Thank you Madam Minister. While we need to ensure that we're moving forward with medical evidence, it's obvious that the latest evidence suggests that this should be a cancer that should be included in this category, and we don't have a problem with that. We're just wondering why Manitoba did not include it if they were, you know, privy to the same type of research and Saskatchewan is including it.

Madam Minister, one of the other concerns that I expressed to you and I expressed it to the firefighters association . . . after looking at the way the Manitoba Act was written and how it was amended and their section 4 of their Act clearly lists the nine cancers as I've . . . or sorry, it'll be eight cancers because they don't have testicular cancer.

And then they have a very separate section for the effective date or the presumption date for heart injury. And I know you have your assistant with you, is someone from, you know, the legal side of the question. And I'm worried about the fact that we reference within the definition of diseases — listed diseases, I believe is how the Act is written — we list under that definition we list the cancers which includes, you know, the bladder cancer and non-Hodgkin's lymphoma and leukemia, etc. And then we list as a disease, heart injury. Manitoba does not. It specifically creates another section so that it doesn't list it as a disease. And I'm wondering, is this a concern in wording that might come into a court case later on that when a firefighter is trying to get a particular case dealt with that suddenly it's a disease, and when is heart injury a disease? I guess that's the question that I'm asking.

**Hon. Ms. Higgins:** — Well if you look at that list . . . and you're right; it does say, "'listed disease' means." And then it will list each of the specific cancers. But when you look at (ix) it says, "a primary site testicular cancer; or . . ." And (x) is:

“(x) an injury to the heart that manifests within 24 hours after attendance at an emergency response.”

So it's a listed disease means it lists out the cancers or — and I guess by having the “or” in there it's viewed that that defines or puts a separation between listed disease or an injury is how it's viewed. And I guess . . . and I know by the conversations that you and I have had previously that you weren't real comfortable with that.

**Mr. Krawetz:** — Well it's not that I'm, you know, comfortable or non-comfortable. My concern is that when we start to read it for what's listed there, it lists diseases. It lists nine diseases and still under the category of listed disease it mentions heart injury.

Manitoba, as I indicated to you, has their diseases listed. It clearly lists their eight cancers that they recognize right now as cases of presumption, and then it creates a separate category for heart injury. Now if your Justice officials have indicated to you that this is not a problem, that it's not going to be something that a lawyer's going to make a case of in four or five years when someone is struggling to ensure that, you know, that a case that has been brought forward is in fact a real case . . . so as long as you clarify on the record today that this is part of the coverage and that it's not going to be challenged in a court of law, I don't have a problem with that.

But there seems to be a very distinct difference on how Manitoba put it into the Act and how your officials are putting it into the Act. And they're different, and I'm wondering whether or not your Justice people have thought through that and are assured that this is correct.

**Hon. Ms. Higgins:** — Well as far as any of the discussions that I've been involved in, it was purely a drafting decision as to how it would be laid out. But that it's felt by everyone that has viewed this that it does make the separation in an appropriate way and that it won't be a problem. Now can I guarantee something will never go to court? No I can't give you that guarantee, no matter how it's worded.

**Mr. Krawetz:** — Thank you. I know you can't guarantee, but you have indicated for the record that your officials have indicated that it's not a problem.

Madam Minister, under the document that you sent to me regarding the number of cancer claims since July 2003, you indicated that there were a total of 26 claims that were made, 12 that were accepted, and 14 that were rejected.

Madam Minister, under the category of accepted claims, there are I believe nine cancer claims that are in bold, and those are the claims that were made under the previous presumption, the 2003. And then there are three singular cases — one is a colon cancer, one is a testicular cancer, and one is a myeloma — that are a part of the proposed amendment because they're not bolded. Yet there is no double, there's no double asterisk by myeloma. So I'm wondering is this information accurate? Are these the three cancers that we would now be dealing with because of the changes that this Act is making? Or is one of those cancers listed incorrectly?

And what I'm referring to is myeloma which does not have the

double asterisk as you see . . . if you're looking at the same document that I am, right underneath that you see that it says for double asterisks, it's part of the proposed amendment. I understand that for testicular. I understand that for colon. But myeloma does not have the double asterisk, and yet it seems to be mentioned as . . .

**Hon. Ms. Higgins:** — I think when we asked the question . . . I know when I asked the question of the department to get you the information when we had talked about this, it was just an overview of the types of cases that we have dealt with over the last number of years. And that's why some are marked as being included in the 2003 presumption and what are the ones that would be included in this amendment.

I don't think it's anything in particular. It's just a type of cancer that was dealt with in a claim.

**Mr. Krawetz:** — Okay. Thank you. Madam Minister, my final comments are regarding the regulations, as you indicated you're looking obviously to other regulations that are in place with other provinces that have enacted this type of legislation. Manitoba has indicated through their regulations that they have registered on October 31, they've listed the minimum period of employment for all of the cancers. You said you'll be consulting with that kind of information and creating information that's probably may be similar or may be exact in that respect.

And also the smoking regulations regarding, you know, the number of cigarettes that are smoked and when are you considered a non-smoker. I found that rather interesting when you start to look at how in fact it's very relevant to the number of cigarettes that were smoked by someone when they were a smoker and the number of years that are needed.

Madam Minister, my question is, how long do you anticipate for the time period that would be needed to create the regulations, whether they're a copy of this or . . . you'll need to add obviously a period of time for testicular cancer as well, but when do you expect that these regulations will be ready? And in fact then, because the Bill says that the Act will not come into force until this is dealt with, when do you expect that to occur?

**Hon. Ms. Higgins:** — Once the Bill is passed, then we will begin the work on the regulations. Now I guess in the conversation we'd had previously and we'd talked about, it would mirror more than likely the timelines that are laid out in the Manitoba. As you said the testicular cancer, I mean it's all based on the research and the evidence that is within Dr. Guidotti's reports and other research that's been referred to. That's what that's built on, so I would imagine we would be using the same timelines in ours.

There will need to be some work done on the testicular cancer piece, but as soon as possible. I think for . . . I mean there's nothing more frustrating than having the Bill passed and not the regulations to go with it. So I would assume we will be able to move fairly quickly on that. Not before Christmas by any means, but I mean shortly. And I would hope easily before the spring session to have those in place.

**Mr. Krawetz:** — Thank you, Madam Minister. And while we are aware of many Acts that get passed and then it takes, you know, in some instances, years to develop the regulations as we heard about today. I don't think that's in the best interests.

And my final question, Madam Minister, in preparing the regulations, will you be consulting with not only the medical evidence that you have indicated, but are you working with the firefighters as an association to ensure that there is an approach that they would concur with before the regulations are in fact enacted, or is this done totally within Justice and totally within your department?

**Hon. Ms. Higgins:** — Well it would be done within our department. Final overview would go to Justice to make sure that everything was done properly, that type of thing. The firefighters, I'm sure as you realize, during their lobby every year and the different events that you may run into members of the Saskatchewan Professional Fire Fighters Association, they are well educated, well versed in this topic. They have a huge amount of research and data, so I would expect that they would have some comments on how the regulations are written, especially when it comes to the testicular cancer being that that isn't clearly defined in other pieces of regulation.

**Mr. Krawetz:** — With those answers, Mr. Chair, I have no further questions. Thank you.

**The Chair:** — Thank you very much, Mr. Krawetz. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Workers' Compensation Amendment Act, 2005. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Could I ask one of the members to move we report the Bill without amendment.

Moved by Ms. Hamilton that we report the Bill without amendment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay, thank you very much. Minister, I would invite you to thank your officials.

**Hon. Ms. Higgins:** — Thank you, Mr. Chair. I just wanted to thank my officials for attending today and all the work that's gone into both of these Bills. And thank the committee for the questions. Thank you.

**The Chair:** — Thank you very much, Madam Minister, and we thank you for coming before the committee today.

## Bill No. 23 — The Corporation Capital Tax Amendment Act, 2005 (No. 2)

### Clause 1

**The Chair:** — And we would now invite the officials from the Department of Finance to come forward for the next item of business before the committee. Just for members' notification, the next item of business before the committee is The Corporation Capital Tax Amendment Act, 2005.

Thank you very much. Just for those who are viewing these proceedings, I would like to note that a number of members have joined us this afternoon. We have Mr. Cheveldayoff joining us, Ms. Draude, and Ms. Bakken Lackey joining us this afternoon, as well as Mr. Hagel who is substituting for Mr. Lautermilch at this point. And we have Ms. Morin substituting for Ms. Higgins. So I just thank all those members for joining us this afternoon.

And with that I would turn it over to the Minister of Finance to introduce his officials and make any opening comments he chooses to make.

**Hon. Mr. Van Mulligen:** — Thank you very much, Mr. Chair. Seated beside me on my right is Mr. Kirk McGregor. Mr. McGregor is the assistant deputy minister for the Department of Finance for the areas of taxation and intergovernmental affairs. Seated on my left is Mr. Kelly Laurans. Mr. Laurans is the director of revenue operations branch in the revenue division of the Department of Finance.

The amendment to the corporation capital tax before us is intended to increase the threshold amount for a small financial institution in order to maintain their eligibility for the lower corporation capital tax rate.

The threshold amount is being increased from 400 million to 1 billion of taxable paid-up capital effective for fiscal years ending on or after October 31, 2003. Increasing the threshold will address a tax competitiveness concern that was raised by a smaller financial institution when examining the tax implications of expanding their business in Saskatchewan.

Thank you very much, Mr. Chair.

**The Chair:** — Thank you very much, Mr. Minister. At this point I'll open the floor for questions and I'll recognize Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. And, Mr. Minister, welcome. And to your officials also, nice to see you again. May I begin by indicating that the Saskatchewan Party and the official opposition is in full support of this legislation, and we congratulate the minister for bringing this legislation forward in this fall legislative session.

I do have a number of questions that I'd like to ask the minister and his officials right now. Would the minister indicate to the committee the names of the financial institutions in Saskatchewan that qualify for the lower corporate capital tax rate today before the legislation?

**Hon. Mr. Van Mulligen:** — Mr. Chair, the legislation that's before us is intended to deal with amendments to an Act. Any and all financial institutions that would meet this threshold now or in the future would then be eligible for that. I certainly am in a position to us my privileges as a Member of the Legislative Assembly to talk about specific institutions and name them, but I would decline to do so.

**The Chair:** — Thank you very much, Mr. Minister. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Well I'm surprised at the minister's answer, I guess. Is there any specific reason, is there any reason why this committee or the Saskatchewan public should not be not be aware of the institutions that qualify now before the legislation?

**Hon. Mr. Van Mulligen:** — Well again this is an amendment that deals generally with a Bill, although there is one specific institution to whom this would apply at this point; who's to say what it would be tomorrow. And therefore, you know, yes we could name the organization but I'm not sure what benefit there would be in doing so. I know that, you know, I certainly have privileges as a member of the legislature to be able to provide details that perhaps one might not be in a position or want to provide outside the Chamber or outside the committee. And therefore I would decline to do so at this time.

**Mr. Cheveldayoff:** — I guess, Mr. Chair, for benefit of members of the committee and individuals following our proceedings, I think it's important to know who qualifies now before the legislation and who qualifies after the legislation. I think it's a very simple answer and I'm very surprised that the minister chooses not to answer that question. I have made my own deductions I guess and others can do that, but I'll agree to move along with my questioning.

**Hon. Mr. Van Mulligen:** — If I can just on that . . . If I can, just on that if my being specific about the name of the institution were in any way to alter the perception that some members of the public might have with respect to that organization then I wouldn't want to be held responsible for that. And therefore that's the main reason that I would decline to, you know, provide the particulars at this time.

**Mr. Cheveldayoff:** — Okay. Moving along to some of the tax components of the legislation or the amendments provided for us. Information, Mr. Minister, provided by your office to us in April estimated the financial corporation capital tax revenue for this fiscal year at \$21.5 million. How much does the province presently collect from institutions that would qualify for the lower rate at the present time?

**Hon. Mr. Van Mulligen:** — I'm going to let Mr. McGregor deal with that particular detail.

**Mr. McGregor:** — Thanks, Minister. The effect of this change is retroactive. The value of the change is about a half a million dollars per year. It's for the fiscal years . . . taxation years 2003, 2004, and 2005. So the value of the change to the corporation will be about \$1.5 million plus a tax and penalties that would have been charged had we continued with the current rate for a total of 1.6 million. Going into the future, it'll still be about half

a million dollars per year.

**Mr. Cheveldayoff:** — So no real changes at the present time then to the CCT [corporation capital tax] revenues for '05-06?

**Mr. McGregor:** — No. Actually, Minister, we didn't anticipate this revenue to be part of our forecast. Again we picked up this particular corporation going above the current \$400 million limit as part of an audit after the budget and so we did not anticipate receiving the revenue. And when we realized that they had exceeded the \$400 million limit, the Treasury Board and cabinet decided at that time to make the legislative change to effectively not collect that tax.

**Mr. Cheveldayoff:** — Right. As I indicated at the outset, the Saskatchewan Party is in favour of this. And I guess without naming the name of the institution that this affects, would the minister agree that there will indeed be lower corporate capital taxes for financial institutions that qualify for this under this legislation?

**Hon. Mr. Van Mulligen:** — Yes. The intent here is to reduce or we have a reduced amount of corporation capital tax payable by a financial institution of point seven per cent for smaller financial institutions as opposed to the corporation capital tax that's paid by larger financial institutions, those over the now proposed \$1 billion threshold. That rate is at a rate of 3.25 per cent and in this case it's point seven per cent.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. I guess the troubling thing for me is whenever the Saskatchewan Party or the official opposition recommends a corporate tax cut or a tax cut that will benefit business, the NDP [New Democratic Party] or the government always brings forward the case that, you know, government programs would have to be cut to pay for it. So indeed we are seeing a tax cut here for business.

Does the minister agree with that philosophy that something will have to be cut to pay for this? And if indeed he does, what would have to be cut to pay for this tax break?

**Hon. Mr. Van Mulligen:** — I might say in this particular case as Mr. McGregor pointed out, we didn't anticipate the revenue so making the change so to effectively indicate we're not going to get the revenue will have no bearing on our budgets and our programs.

Might I generally say that whenever we look at revenue measures we're very careful to cost out what the impact will be of those revenue measures so that we can take those into account in our budget and therefore know what revenues we have available . . . or less available from that specific source and how that impacts our budget overall. That's an important consideration for us.

I might point out that with respect to the Vicq commission when we asked Mr. Vicq to generally look at the issue of business taxes, the rate of business taxes that are charged in Saskatchewan relative to other jurisdiction, the types of business taxes, or the mix of business taxes that are charged in Saskatchewan and to make recommendations about what would be an appropriate mix and level of business taxes for Saskatchewan, a very important mandate consideration for Mr.



Vicq that we provided to him and his committee was the question of affordability and to take into account the fiscal circumstances of the government. So that going forward we have some level of comfort with the recommendations that, you know, that they are more or less affordable and do not begin to impact other obligations that the government has.

So it's always a question of looking at the balance as to what is affordable and what can be incorporated into your budgets in a way that doesn't begin to impair your ability to provide services and programs that we're also obliged, and we feel are necessary, to provide to the people of Saskatchewan.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. Would the minister agree in the long term that indeed this tax reduction for this institution may result in a net benefit to the provincial treasury in the long term?

**Hon. Mr. Van Mulligen:** — Well it may, if the change encourages the institution in question to expand their business because the threshold has been increased. If the threshold encourages other businesses to consider Saskatchewan as a place to invest, then certainly.

But having said that, we always have to concern ourselves that if we make a revenue change then we have to book that revenue change in our budgets, and to be prepared to deal with a reduction in that revenue source as we put our budgets together, you know. It may well be that over a period of time that the change will cause, you know, additional investment. The investment may create an expanded base from which revenues can be derived for the government and therefore that you reach some point of equilibrium.

That was, I might say, an important question that Mr. Vicq and his committee looked at generally when they looked at the issue of business taxes, was the question of, at what point if you lower the rate for businesses, recognizing that in their view that that reduction in the rate would expand over time the base from which you can achieve revenues through taxes, the question is at what point does the base expand enough to be able to make up for the lost revenue because you reduced a rate?

And they crunched numbers and looked at these things but they declined to come to specific conclusions about at what point you might reach that state of equilibrium. They, you know, employed various models that the federal government has — a general equilibrium model you know.

And we're comfortable in making some predictions that say in 15, 20 years that, you know, given the changes that they recommend that you would be able to see economic activity reach a certain point where they felt comfortable enough to say, you know, the expansion has been such that the revenues that you lost will now be gained.

And so they declined to speak in terms of anything less than 15 to 20 years. Specifically declined to say here is when we think that, you know, your revenues will again reach the point that you had before you made the changes. They costed out, you know, the changes that they made in their recommendations and so those are costs, if you like, that I'm going to have to consider when we go forward with our budgeting.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. Thank you for that very complete answer. You've mentioned and referred to the affordability factor in any tax reduction. And I was very pleased as well that Mr. Vicq addressed that specific topic and indeed indicate that in his opinion, his professional opinion, that Saskatchewan could afford it. And you know my question to you and to the department is well if not now, then when? And I believe the time is now.

We are very pleased with the recommendations of the Vicq committee. They were almost identical to some of the proposals . . . or most if not all of the proposals that I put forward in our contribution or submission to the committee back in May in Yorkton. And our advice — and the advice was accepted by Mr. Vicq and the committee in his final report — was to eliminate the corporate capital tax. And we're very pleased that the Vicq commission saw fit to articulate this in their report.

But the question for me and I think the question that everyone in this province is asking themselves right now is, does this minister and this government agree with that philosophy? So my question to the minister, Mr. Chair, would the minister agree with the Vicq committee and virtually every other investor in North America that Saskatchewan's sky-high capital tax is killing private sector investment and creating a significant barrier to growth at the present time in Saskatchewan?

**Hon. Mr. Van Mulligen:** — Well I think, mister, that's a loaded question. I think it's fair to say that we recognize that business taxation is one of the elements that businesses have to look at when they make investment. We've clearly recognized this over the years. Since we took office in 1991, I think virtually in every budget — and there may have been a budget or two where we didn't make changes to business taxation — but in virtually every budget we have endeavoured to make changes to business taxation, again recognizing that we have to concern ourselves with affordability issues. Some of those taxes . . . tax changes, revenue changes, have admittedly been small when looked at in the context of your overall budget. But some have been very significant when you consider the changes that were made in 1994-95 thereabouts, and the . . . to the manufacturing and processing income tax, the income tax credit for input costs for, you know, incurred by businesses involved in manufacturing and processing. Those were significant.

So, you know, I say and I'll also point out that off budget we have made changes to royalty regimes in the area of oil, natural gas, potash, all to encourage further activity in those sectors in Saskatchewan. So this is an approach that we've been taking for some years. The business tax changes, you know, I think in our view — and the member expresses it, if not now, when? — and we feel that we, given our financial situation are in a position to address this broader question of business taxes. And that's why we felt comfortable in appointing the commission in the spring and to receiving their recommendations.

I know there are people that would say that, well just implement it right now. But again I want to see what next year's budget challenges are and to have the comfort that Mr. Vicq has to ensure that I have that comfort at budget time next year when we do make the announced changes. And so we look forward to reviewing the report and to seeing how we can incorporate that into our budget for next year and for future years.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. And, you know, since I've become critic and have had the opportunity to talk with you about this things, I think we've agreed on some things, disagreed on others. I think we'd agree that large and small financial institutions in the province make a contribution to this province; large and small companies generally make a large contribution in this province as far as job creation and to the economic development of the province.

And I think it's fair to say, and I hope you'd agree with me, that the corporate capital tax is a barrier to that growth. So again I congratulate you on bringing this forward. I think it's the right thing to do. I'm pleased to support you on that and, you know, I hope that you see fit to implement the Vicq commission as soon as possible. And I know speaking on behalf of the official opposition as Finance critic that, you know, if indeed after the next election there was a change in government, the Saskatchewan Party would be, would be comfortable in implementing the business tax portion of the Vicq commission's recommendations.

So thanks again, Mr. Minister. And, Mr. Chair, no further questions.

**The Chair:** — Thank you very much. Clause 1, short title. Is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

**The Chair:** — Thank you very much. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts as follows: The Corporation Capital Tax Amendment Act, 2005 (No. 2). Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Could I have . . . Mr. Lautermilch has moved that we report the Bill without amendment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, members. Mr. Minister, I'd like to thank you and your officials for coming before the committee today. And do you have any final remarks you'd like to make, Mr. Minister?

**Hon. Mr. Van Mulligen:** — Thank you very much, Mr. Chair. I'd like to thank Mr. McGregor and Mr. Laurans for being with me here today. I'd like to thank the member for the questions, the committee for their dispatch of this matter.

I would just say that Saskatchewan, we have many advantages for businesses that want to locate here — sometimes advantages of location, sometimes advantages of costs of doing businesses in Saskatchewan. Sometimes it's an advantage of an extremely productive labour force. We also want to make sure that advantages extend to the area of business taxation so that there's no barriers to any business that wants to invest here in Saskatchewan. Thank you, Mr. Chair.

**The Chair:** — Thank you very much, Mr. Minister, and thank you very much for coming today and your officials as well.

Members of the committee, we have before us as the next item of business the consideration of The Film Employment Tax Credit Amendment Act, 2005. Could we ask the minister and officials from Culture, Youth and Recreation to come forward, please.

### **Bill No. 2 — The Film Employment Tax Credit Amendment Act, 2005**

#### **Clause 1**

**The Chair:** — Thank you, Madam Minister. We have before us the Minister of Culture, Youth and Recreation. Would you please introduce yourself and your officials to the members of the committee.

**Hon. Ms. Beatty:** — My name is Joan Beatty, Minister of Culture, Youth and Recreation. And with me is Dawn Martin, executive director of culture and heritage.

**The Chair:** — Thank you very much. I now open the floor for questions on the Bill. I recognize Ms. Draude.

**Ms. Draude:** — Thank you, Mr. Chairman. And to the minister and her officials, we have an opportunity to discuss . . . to meet again.

This Bill isn't as straightforward as the ones that we looked at yesterday. And in fact I find it probably confusing because on one hand we talk about the film industry and the advantages we have. In fact the Finance minister just left, and his parting words are about the advantages of our tax system. And yet in the review of the film industry, one of the first conclusion, observation is the film industry is not viable without government investment. Can the minister tell me how that works with this government's vision of taxation.

**Hon. Ms. Beatty:** — I guess generally I want to make a comment, and then if Dawn wants to add to it, she can. But generally with a film industry, it's subsidized, you know, whether you're in Canada, North America, different parts of the world. In order to exist and thrive, you know, it will always need to be subsidized. So that's a given.

And it was a choice of this government that we wanted to continue building the industry in this province, and in order to do that, we have to provide some form of subsidization. And I guess I want to say that these amendments will basically do three things.

First they will clarify the definition of government assistance which is excluded from the calculation of tax credit benefits, which means under this Act, the Saskatchewan Communications Network will now be treated the same as other broadcasters regarding broadcast licences, unreceived tax credits for legitimate licence fees.

Secondly they raise the base tax credit from 35 to 45 to ensure that Saskatchewan film industry remains competitive with other jurisdictions. There is competition right across the board based

on tax credit programs, and in order to remain in the game, we had to make these adjustments.

We also added a third point here, and that is to add a 5 per cent bonus for productions that use Saskatchewan residents in key positions where we'd had to import labour from outside the province in order to produce bigger productions. Basically those are the three main things that these changes will do.

**Ms. Draude:** — Thank you, Madam Minister. I guess the confusion on this issue is that the bigger this industry grows, the more money it will cost in tax credits. And having said that, we are in a deficit situation. As the industry got larger in 2002-2003, there was a net loss of 1.1 million; 2003-2004 it was 1.7 million. So as we get larger, it's continuing to cost taxpayers money.

I understand that there has to be a balance. But can you tell me how the decision was reached, or why you came to the conclusion you did, that with the loss of money that the tax credit would increase from 35 per cent to 45 per cent?

**Hon. Ms. Beatty:** — I'm going to get Dawn to explain more of the technical part of it. She's the one that's been really involved in working with other departments and also working with the film industry. So I'm going to get her to explain it.

**Ms. Martin:** — Sure. Just first as a matter of clarification on the return on investments estimates and the economic impact study, those estimates represent the most conservative estimates. They don't include any allowance, for example, for corporate income taxes from film companies, and they don't include the impact of induced benefits in assessing the economic impact. Which means it's a really conservative, sort of, worst-case scenario.

And because they really are just estimates, it wasn't the hard figures that led us to make some policy decisions. It was actually the trend. And the trend, as you point out correctly, is getting negative. Right? As the industry grows, the loss is actually growing. And when we investigated that further through the film review, the reason for that is that our production volumes are growing faster than our industry capacity to support them. So we're having to import labour.

So what the policy proposes is three strategies, some of which are in amendment, in legislative amendment, and some of which will follow up in regulatory change.

The first change is to establish a bonus, the key bonus that's in the amendments that are before you today. The positions that are targeted for that key bonus are the positions that are most frequently . . . have imported people put into them. And they're at senior levels so that we can actually start to use the people that we have in Saskatchewan — move them up into senior levels and then move other people into their positions so that we grow capacity right down the lines.

The other two things that we're doing is, one, we're working with the motion picture industry association to do a film . . . a human resource review of the industry to identify some strategies to make sure that any training and professional development is appropriately targeted.

And then the third is a regulatory change which would establish a 25 per cent limit on the amount of salaries to non-residents that would qualify for the tax credit.

**Ms. Draude:** — In some ways it seems a little backwards that the strategic capacity building, the human resource plan is still being changed or looked at, and yet the amendments have come forward now before the review is completed. And that is one of the big concerns in the area. So why has the government determined to do this, make the change now, before you've finished the review?

**Ms. Martin:** — The research that we undertook in the film review was pretty clear that there was a gap at the senior position level which is why the key bonus incentive. The human resource review is more about targeting the resources that we're already using for training to move people up.

**Ms. Draude:** — When I look at the film review, they say the main concern is the percentage of the film financing that is made up of the tax credit has increased from 11 per cent in the first year to almost 17 per cent with few controls in place to ensure the return on the streets and the investment is maximized. I don't see how this Bill has actually put any controls in place.

**Ms. Martin:** — The control that we're putting in place is actually a regulatory change that will be added before these changes come into effect as well, of putting a 25 per cent limit on the use of non-Saskatchewan residents and providing the tax credit bonus to them. So that's one control that we have added.

The increase of the percentage of the tax credit in the overall sort of budgets of productions has resulted from two things. One is from the importation of personnel. The other is actually on the trend to more drama production which is a much more labour-intensive kind of film production. Things like *Corner Gas* and *The Tommy Douglas Story* and *Tideland* — those kinds of films actually take a lot more people.

And in fact there was . . . Productions are not allowed to claim even if their costs, their labour costs, are more than 50 per cent of their budget. They are actually not allowed to claim more than 50 per cent of their budget as labour costs. And in drama we're finding that frequently films have more than 50 per cent of their budgets as labour costs which is a shift from, say, the experience of documentaries which is up until the last few years the thing that we did most frequently.

**Ms. Draude:** — Isn't it true that although you're not allowed to claim more than 50 per cent of the eligible labour costs, there is the deeming above the line for positions that aren't available?

**Ms. Martin:** — Right. But you still would not be able to go above . . . Labour costs still would not be more than 50 per cent of your overall budget. Deeming above the line would still have to fit within that 50 per cent.

**Ms. Draude:** — Then there is the 25 per cent. The deemed labour is 25 per cent as well, correct?

**Ms. Martin:** — Essentially what the new regulation will do is say, of all of your labour costs that are eligible for the tax credit

— which can't exceed 50 per cent of your whole budget — only 25 per cent of those can go to non-Saskatchewan residents.

**Ms. Draude:** — If there is a production that comes into the province where we don't have the production people like the producers and the directors that are able to fulfill that job at the professional ability that was available here, is their wage above the deeming line? Can they get more than the 25 per cent? Or can the eligible labour portion go over 50 per cent if we don't have those right people here?

**Ms. Martin:** — No, no. It's very clearly stipulated in the Act that labour costs under any circumstances can't exceed 50 per cent of the budget, including anything that's deemed from out of the province.

And in the film industry, above-the-line and below-the-line positions, above-the-line refers to positions that are artistic positions like producer, director, lead actor; below-the-line are the more technical crew kinds of positions. And they're treated no differently. They still all have to fall within the total limit of 50 per cent of the total budget. And with the new regulation they will have to fall within . . . like non-professionals can't exceed 25 per cent of that whole amount.

**Ms. Draude:** — Okay. When I looked at the people who participated in the review and there was the evaluation team and then the industry stakeholders, I don't see anybody in that list of people who are business people.

My first question was concern about the loss of money. And I'm glad I get an opportunity at the end to say that there is two sides to this story because the actual culture value and market we're adding to the province is important.

But at the same time when we talk about the money, taxpayers' money that is being spent in this province and we do a review that's as intensive as the one that was undertaken by the industry, I would have thought that it would have been important to have people who are not just the labourers, not just on the . . . in SaskFILM and on the Arts Board, but people who have had experience in business so that they could look at parts of the industry that people who have never had to put a mortgage on their house to make a payroll would understand. So I am concerned that there wasn't business people on that review panel.

**Ms. Martin:** — I want to distinguish between the review committee that actually conducted the review and those that were consulted with. The review committee was only government officials from a range of different departments — Finance, our own department, Industry and Resources, and that kind of thing.

But we consulted actually extensively with industry business people. We actually had three separate groups — one for large producers, one for medium-size producers, and one for small, emerging, and art producers. So we had three separate group meetings with those producers and in a few cases met one-on-one with them. So I actually . . . I think that we did consult quite extensively with the business side of the industry as well as the labour side of the industry.

**Ms. Draude:** — Perhaps not at this time, but will the minister give this committee or us the 15 copies of the people that you did consult with in that area. I do have a list of the industry stakeholders, but I would appreciate to know who the three groups that you met with were.

**Ms. Martin:** — We'll make arrangements to hand that over.

**Ms. Draude:** — Okay. And I don't know if this is . . . It's not part of the Bill, so I guess it will be up to the Chair and to the minister to decide. But the actual sound stage, I believe that the word was they were overly optimistic in their idea of how much money the film . . . the sound stage would bring in and that even based on best guesses and the financial times when the most money possible would be brought in, there's never going to be a time when they can do more than just pay for some of its operational expenses. Is that correct?

**The Chair:** — Thank you, Ms. Draude, for the question. As it is an item not before the committee, I'm not sure whether or not the officials would have information to properly answer that question. But with that caveat we'll leave that up to the officials whether or not they are prepared or do have the information to answer that question.

**Hon. Ms. Beatty:** — I want to make a comment, and then she can get into more specifics. The one thing that we do know is that without the sound stage, all of these productions would not be in this province.

You know there is folks that are involved in that production . . . in major productions have commented that a lot of these sound stages throughout North America are not sort of built to be sound stages — they're warehouses sometimes — and this is one of the nicest infrastructures that they have seen. So if it wasn't for the sound stage here, for sure we wouldn't attract the industry like we have in the past.

And with that, I'll get Dawn to make further comments.

**Ms. Martin:** — Sure. What the film review found is that the sound stage — beginning last year and continuing into this fiscal and into the foreseeable future — has actually covered its operating costs and made a profit and returned that profit to government. The original capital cost has not been recouped. But the profit on operations, because the profit is being returned to government, the profit on operations will contribute to the capital cost over time.

**Ms. Draude:** — I'm just going to read from the analysis, the sound stage financial analysis. It says, based on revenues for 2004-2005 fiscal year, where the facility operated at 69 per cent when all costs were accounted for, the best-case scenario would still lose . . . [inaudible] . . . lose between 600,000 and \$700,000.

**Ms. Martin:** — And that's including all the capital costs, including amortization and . . .

**Ms. Draude:** — And the original cost of the sound stage is about 10.9 million.

**Ms. Martin:** — That's correct.

**Ms. Draude:** — I understand that that's not part of the Bill, but I just wanted some clarifications. And thank you for this.

I know that with the deeming and building the capacity here in Saskatchewan, part of this plan is to have more trained people. Can you tell me which department you're working on specifically?

**Ms. Martin:** — Departments of the film industry? I think the list of positions from the key bonus will give you some good insight into that.

The real shortage in terms of senior crew is one of the things that's preventing us from growing. We don't have enough directors. We don't have enough production managers. We don't have enough costumers. We don't have enough key grips, key gaffs. So it's across the board but more on the technical side than the above-the-line side.

**Ms. Draude:** — And the other question that I know everybody wants to know is, will this Bill benefit some of our series like *Corner Gas*, or will it be a detriment to them?

**Ms. Martin:** — Based on my recall of the data that I've looked at, *Corner Gas* I don't think will be harmed by a 25 per cent cap. And I think that *Corner Gas* is very close to being able to achieve the 5 per cent bonus, and with one or two changes here or there may well actually be able to achieve the 5 per cent bonus. So in my estimation I think *Corner Gas* will be better off. Certainly it's an effort . . . One of the intentions here is to try and secure this show and keep it for us because it's been good for us.

**Ms. Draude:** — I have one other area that I just need you to comment on — and I did bring it up yesterday, or whenever we had second reading — but right now the government's assistance is subtracted from the total eligible cost of a film before the calculation of the tax credits. I understand. And there are a list of types of funding that don't count as government assistance. However when there's a direct equity investment by the government in a film where the government expects a return on an investment, they are treated as government assistance; they are treated as a form of government assistance. And the film tax credit would treat these things as though they were defined as not government assistance.

So I'm going to give you an example. If the government makes an investment into a film like *Tommy Douglas*, at one time it would have been seen as government assistance, and it would have had to have been subtracted and now I understand it wouldn't be. Is that correct?

**Ms. Martin:** — In the case of the money that was provided to the Tommy Douglas movie, that was provided as a government grant, and it was not a recoupable loan. It was not an equity investment, and so that would still be ground out of the calculation of the tax credit.

**Ms. Draude:** — Maybe that's a bad example then. If the government decides to have a direct equity investment into a film, and I'm not sure what might be coming forward on it, then the film tax credit amendment Act would treat these as things that were not defined as government assistance. So is there

anything on the books at this time or that is proposed that would actually receive an investment and will still be able to get the entire film tax credit?

**Ms. Martin:** — None that I'm aware of. Certainly we don't operate an equity program. SaskFILM uses some of its operating money for a very small equity program that's I think . . . I don't recall the exact numbers, but it's in the range of a couple of hundred thousand dollars annually. So it's very small, and it's designed for very small producers. But we don't do equity investment here in film production.

**Ms. Draude:** — I understand that you don't. Yes I understand you don't, but I know the government does. So that I guess that's where my concern is, if we're opening up the door to production that may, down the road — not involvement through you — but that where the government may determine that this is, they can put an investment in there and there will be a . . . 50 per cent of the costs will be eligible for a tax credit.

**Ms. Martin:** — Just to be clear, with the exception of SaskFILM and its very small equity pool, to my knowledge, government through any department and agency hasn't made an equity investment in a film production. They have in companies but not in a film production.

**Ms. Draude:** — Thank you. My last question will be, I know that the intent of this Bill is to ensure that there is a maximum return on the money spent on the film tax credit and at the same time building the capacity that we need, which is of course a good thing. When do you see that you'd be getting to a point where there wouldn't be an investment, or do you think that'll happen?

**Ms. Martin:** — In an investment in . . . through the film employment tax credit? I think the film review is pretty clear that if government is interested in having a film industry here, it will require subsidy.

**Ms. Draude:** — So is there some dollar that you're expecting it'll sort of level out at in the future or I suppose . . .

**Ms. Martin:** — Oh I see. I think that there are dreams in the industry of a \$100 million industry. That's certainly about what Manitoba's is now — 100, 120 million. I think that that would be ambitious for us based on . . . I think 100 million would be ambitious for us.

**Ms. Draude:** — I believe at this time we're at about 68 million. Is that correct?

**Ms. Martin:** — Yes.

**Ms. Draude:** — And so I know that this Bill actually looks to shrink the industry in a way because of the work that we are doing. So I know that you're walking a fine line here and that the decision that was arrived at was in conjunction with SaskFILM and the motion picture industry.

So I do know that there are very few people in the province who wouldn't be happy if we didn't have a *Corner Gas*, but there's also a lot of people who are worried about \$1.5 million for something where . . . when people are sitting on waiting lines.

So I guess that's going to be up to the public to decide if this is a good investment. So I have no further questions.

**The Chair:** — Thank you very much members. Clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Thank you.

Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Film Employment Tax Credit Amendment Act, 2005. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Could I ask one of the members to move this Bill without amendment? Moved by Ms. Morin that we report this Bill without amendment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, members. I'd like to thank the minister and her officials for coming and at this point just allow the minister if she'd like to make any final comments.

**Hon. Ms. Beatty:** — I would just like to thank the committee and the official with me today for her good work. And also I want to say this is a really exciting industry for the young people of this province. That's one of the reasons why this government has chosen to go this direction. The average age is about 35 and, you know, I get the opportunity to meet a lot of these young people. So I think it's a good investment that we have made. Thank you very much.

**The Chair:** — Thank you very much, Madam Minister.

### **Bill No. 7 — The Farm Financial Stability Amendment Act, 2005 (No. 2)**

#### **Clause 1**

**The Chair:** — With that the next item of business before the committee is The Farm Financial Stability Amendment Act, 2005, and I'd invite the Minister of Agriculture and his officials forward.

I'd just like to invite the minister if he would to introduce his officials and welcome them to the committee, and if he'd like to make any introductory remarks, to feel free.

**Hon. Mr. Wartman:** — Well thank you very much for that warm welcome, and I would like to introduce to you my officials who are here today from the Department of Agriculture and Food. On my left is assistant deputy minister Hal Cushon. On my right is Dave Boehm who is the director of financial programs. And backing us up is Merv Ross who is the manager

of the livestock loan guarantee program.

**The Chair:** — Thank you very much, Mr. Minister. With that I will open the floor for questions from the members, and I'll recognize Mr. Weekes.

**Mr. Weekes:** — Thank you Mr. Chair. Welcome to the minister and your officials. The questions I have revolve around the warrant. And it says in there, if a producer cannot be notified, and I'm assuming a producer makes himself unavailable. My question around that is, I understood that the supervisor basically had or already had unlimited powers as far as inspecting animals on a farm or producers' property or, if need be, seizing animals. Could you just clarify the need for a warrant given my comments?

**The Chair:** — Thank you, Mr. Weekes. We'll give the minister a minute to consult with his officials, and then he will either answer the question or ask one his officials to.

**Hon. Mr. Wartman:** — Thank you. The process previously did allow a producer to actually frustrate the process and not allow the animals to be inspected and not allow a person onto — the supervisor — onto their land, and so therefore they could frustrate the process. They actually had to be contacted and deny access before a warrant could be granted. And so if they were not contacted, the warrant would not be issued.

This new amendment will not allow that frustration to take place. For seizure there had to be a warrant, and now the inspection and the seizure would be possible even if the owner was not able to be contacted.

**Mr. Weekes:** — Thank you.

**The Chair:** — Thank you. I recognize Mr. Bjornerud please.

**Mr. Bjornerud:** — Thank you, Mr. Chair, and welcome, Mr. Minister, to your officials. I don't have many questions. I think we understand where we're going on this one. I think I've heard nothing but positive for the changes here. I certainly haven't heard any negatives, and I think that's why we're here today to let this Bill pass. I think everybody concerned is.

Just a few questions, the lending institutions, what changes in here, will there be any effect to the position or the part that lending institutions play to the associations?

**Hon. Mr. Wartman:** — The answer is no; it will not in any way negatively affect the lenders. In fact with these changes, previously where a member was in default, basically the others would be . . . the activity of the others would be frozen as well.

With this new amendment, it will allow the other members to remain active. And I think this will, overall the flexibility that is provided will be positive for the lenders as well because it's potential that, with the other members frozen, that other members could be pushed into default, and we certainly would not want to see that happen. So with these changes I expect the lenders . . . well in our discussion with the lenders, they'll be very pleased with the amendment.

**Mr. Bjornerud:** — Thank you, Mr. Minister. Section 47 deals

... And maybe you could just give me a brief explanation on the options that associations have for dealing with delinquent members. I think we're expanding — are we? — in this area in this clause?

**Hon. Mr. Wartman:** — I'm going to ask Dave Boehm if he'll address that one.

**Mr. Boehm:** — In the case of the expanded powers, what this new section allows us to do is to offer an incremental guarantee against that individual member who is in default, and therefore allows the rest of the association to continue to operate and of course doesn't frustrate the rest of the members.

Now what this does is it's only applied in very particular circumstances where both the lender and the program administration agree that there is a reasonable repayment system that has been put in place. So the guarantee is only offered under those conditions.

**Mr. Bjornerud:** — Good. Thank you. I'm glad to hear that. Just a couple more things here, the stock growers and the cattle feeders, did they have any input into, say, section 61? It's very extensive, has a number of changes in there. And I haven't had time to talk to the stock growers or feedback from the cattle feeders association. Have you had any consultation with them on the changes we're making here?

**Mr. Boehm:** — We certainly do have a representative on our advisory committee that's a liaison with the cattle feeders, and so certainly they would've been aware of the proposed changes.

This change was largely driven out of the post-BSE [bovine spongiform encephalopathy] environment where we have a situation where, you know, members have been beat up a bit by the BSE situation, and this does give the association and the lender some flexibility in helping to deal with those individual circumstances.

**Mr. Bjornerud:** — Good. Thank you. Well I think we're all in agreement. The feeder associations are a very worthy component to the cattle industry and helping farmers out there in a time of need. Really that's all the questions I have on this.

I guess the one question that I have, and I know we've discussed this in the past, is the problem we had on our side of the province with our feeder association over there. And I guess fraud would've been the word used at that time, and we won't go back into that. And I'm hoping changes that we're making here and additional changes maybe we make in the future will come to fill any loopholes that that may never happen again. And you know, there may have been to some degree an error on a number of people's part. But it hurt a lot of people out there, and let's hope that never happens again.

So I just want to thank the minister and the officials for their answers today and I think that's . . . Oh the one question I have, and I believe this is to be true, that this Bill will be in effect tomorrow when it passes the House?

**Hon. Mr. Wartman:** — Yes it will be.

**Mr. Bjornerud:** — Thank you. Thank you for your answers.

**Hon. Mr. Wartman:** — If I might, in response to the last comments that the member made, just to note that certainly the situation in your area was in mind as we worked on the amendments. And there are a couple things that will actually help.

One of them that's been implemented is increased audits as well. But certainly the ability to access has been very important, I think, as we look to be able to make sure that never does happen again, or at least to try and alleviate the possibility.

**The Chair:** — Okay. Thank you very much, members. Clause 1, short title, is that agreed.

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Farm Financial Stability Amendment Act, 2005 (No. 2). Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you. Ms. Hamilton has moved that we report the Bill without amendment? Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Well I'd like to thank the minister and his officials for coming before the committee afternoon. And with that I would ask the minister if he wanted to make any final comments.

**Hon. Mr. Wartman:** — Just before, just to note that before the incremental guarantees, there have to be some regulations that will be put in place. But outside of that, I mean, this does come into force on assent.

And with that I would like to thank my officials not only for their support here but also for their responsiveness to the industry needs and the work that they've done in preparing this amendment and thank them for their work in bringing this Bill forward, and to members for their questions.

**The Chair:** — Thank you very much, Mr. Minister. As that concludes our business before the committee today, I would entertain a motion to adjourn . . . [inaudible interjection] . . . Sure. Before we adjourn, the Vice-Chair would like to make a comment.

**Mr. Weekes:** — I also would like to thank the minister and your officials for attending and answering our questions. I'd just like to express Merry Christmas and Happy New Year to all the members of the committee and your colleagues on both side of the House and legislative staff and Hansard.

**The Chair:** — Thank you very much, Mr. Weekes. And on behalf of all the members of the committee, we'd also like to thank everybody for their hard work, and I wish everybody a

very Merry Christmas and a happy holiday season. With that I'll entertain a motion to adjourn, and that is moved by Mr. Weekes. All in favour? It's carried.

[The committee adjourned at 16:33.]