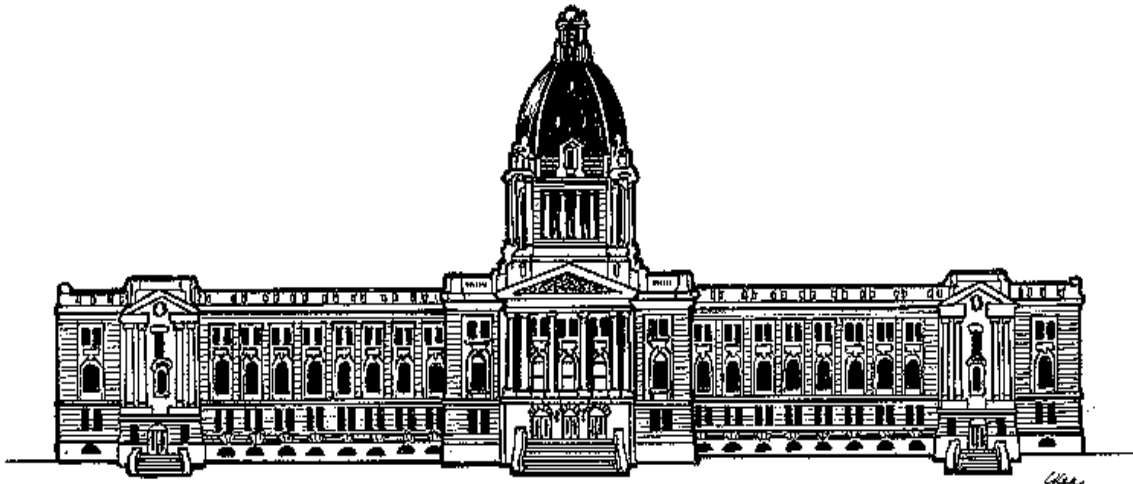




STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND JUSTICE

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**STANDING COMMITTEE ON INTERGOVERNMENTAL
AFFAIRS AND JUSTICE**

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Moose Jaw North

Mr. Frank Quennell, Deputy Chair
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Arm River-Watrous

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Wayne Elhard
Cypress Hills

Ms. Deb Higgins
Moose Jaw Wakamow

Hon. Laura Ross
Regina Qu'Appelle Valley

[The committee met at 19:15.]

The Chair: — Well good evening, ladies and gentlemen. Welcome to the Intergovernmental Affairs and Justice Committee, meetings of the standing committee. We'll be considering two things on our agenda tonight, the consideration of estimates for Tourism, Parks, Culture and Sport, vote no. 27 — and we will do that for two hours — and then we will break and go into consideration of estimates for the Municipal Affairs, vote no. 30.

On this committee the members are Mr. Elhard, Mr. Brkich, and sitting in for Ms. Ross is Mr. Wyant. Also Ms. Higgins and Mr. Quennell.

**General Revenue Fund
Tourism, Parks, Culture and Sport
Vote 27**

Subvote (TC01)

The Chair: — Minister Hutchinson, welcome to your officials. We will open these meetings with your comments and your introductions. And please proceed.

Hon. Mr. Hutchinson: — Thank you very much, committee members, and Mr. Chair. It's a pleasure to be here with you.

We do in fact have some officials from our Ministry of Tourism, Parks, Culture and Sport, and I'll introduce them. We have Ms. Wynne Young who is the deputy minister; Ms. Lin Gallagher, associate deputy minister; Mr. Scott Langen, executive director of sport, recreation, and stewardship; Ms. Susan Hetu, executive director of culture and heritage; Mr. Ken Dueck, executive director of tourism; Ms. Melinda Leibel, director of corporate services; Ms. Cindy MacDonald, executive director of parks, operations, and planning; Mr. Bob McEachern, director of parks management services; Mr. Lob Lalonde, manager of the facilities management unit; and Khalidi Loda who is the MPA [Master of Public Administration] intern attached to us. We'd like to thank them all for joining us here today.

This year's budget for the Ministry of Tourism, Parks, Culture and Sport nicely complements the government's overall budget theme, which as members will know is *The Saskatchewan Advantage*. In his budget address, the Minister of Finance highlighted some of the advantages of our province as follows: our abundant natural resources, our pristine environment, our sense of community, and our unique Prairie lifestyle.

Now, Mr. Chair, I'm pleased to say that our ministry has a direct role in supporting and highlighting some of those very items. But most importantly, we submit, we support Saskatchewan's most important resource, which is our people. The four areas of our ministry — tourism and parks, culture, and sport — work together to create opportunities for people to enjoy life. Together these efforts constitute a very important part of what we call the Saskatchewan advantage.

Now because the Minister of Finance referenced our natural resources and our pristine environment in his address, we'd like

to talk about our parks division first.

Parks division received an increase of \$6.3 million in the budget compared to 2010-11. This includes an 82.2 per cent increase in expensed and amortized capital funding from \$6.0 million to \$10.9 million, and a \$500,000 increase in funding for the Saskatchewan Regional Parks Association as well. What does that mean? It means, Mr. Chair, that we can continue to improve the visitor experience in our parks, which is exactly the intention.

Mr. Chair, in 2008 our government made a promise to add electrical service to 1,000 campsites in the province's provincial parks system. I'm pleased to tell you that this fall we will achieve and actually slightly exceed that target. And already this summer, even before the start of the construction season for 2011, our park visitors will be able to use close to 850 of those newly electrified sites.

With this year's budget, we will have spent almost \$33 million since 2008 in improvements to our provincial parks. So we have upgraded and replaced service centres, boat launches, potable water systems, even picnic tables and barbecues — everything that contributes to the visitor experience. We're also continuing with changes to the parks reservation system during 2011-2012. This is an important citizen-centred service initiative that has already engaged parks division staff in a major way over the past year.

Our provincial parks are tremendous places to visit, we know, so much so that we want to create even more opportunities for people to enjoy a provincial park experience right here in Saskatchewan. That's why we recently announced that we are starting consultations on establishing two new provincial parks, an idea that we first mentioned in our 2007 campaign document "Securing the Future." We're proposing new parks in the lakeland area. Now that's near Prince Albert — the Emma and Anglin Lakes area to be specific — as well as the Porcupine Hills area, which is near Hudson Bay. It will certainly be an interesting process, and we look forward to hearing feedback from people in those areas including municipalities, First Nations and Métis communities, business owners, permanent residents and cottagers, as well as other stakeholders in addition.

Our provincial parks are just one piece of Saskatchewan's park system, as you will know, Mr. Chair. We have beautiful urban parks that do great work, and we have regional parks that also provide opportunities for enjoyment. Our government made a commitment to provide \$2.4 million over four years to help upgrade the amenities and meet regional parks' regulatory requirements challenges. With this year's budget we will exceed that commitment, providing nearly \$3.2 million to the Saskatchewan Regional Parks Association over the four-year period that we just discussed.

Regional parks, we know, continue to attract visitors and contribute to our tourism industry, a very important part of Saskatchewan's vibrant and growing economy. The Regional Parks Association is working to have all regional parks meet accreditation standards that they themselves have developed. We think that's a great idea and we fully support their efforts to

provide the very best visitor experience possible to guests, whether they're residents of our province or visitors from other jurisdictions.

Mr. Chair, I wanted to mention another area of our ministry that has received an increase that will be put to very good use. The heritage subvote that we'll be considering this evening will see an increase of \$535,000 or 6.4 per cent for a total of \$8.9 million in the budget year 2011-2012. Now this includes a \$215,000 increase to the Saskatchewan Heritage Foundation's base funding which represents a 74.4 per cent increase, a huge increase that will allow the foundation to dramatically increase the number of worthy projects that they consider and fund in the coming year.

The principal mandate of the SHF [Saskatchewan Heritage Foundation] as many will know since its very inception has been to provide financial support to heritage projects at the provincial and community level that seek to conserve, to research and interpret, to develop and promote Saskatchewan's diverse heritage resources. There is so much demand for the SHF grant programs that they constantly have to turn down projects. And this isn't a new problem by any means, Mr. Chair. It goes all the way back to the 1990s when I had the great honour to serve on the Heritage Foundation board. This money will start to address that oversubscription. I'm very pleased that we can help with that, because conserving our heritage helps us as a province both to honour our past and to move forward with confidence into the future.

Also part of the heritage subvote is a \$275,000 increase in funding to the Royal Saskatchewan Museum, or RSM as it's often called, some of which will support the T.rex Discovery Centre in Eastend. Our parks, our heritage properties, and places like the T.rex Discovery Centre all draw tourists within our province and to our province from other jurisdictions.

There's more good news, of course, Mr. Chair. I'm pleased to say that part of the increase in funding to our tourism branch is to directly increase visitation through our event hosting program — very popular, very successful — and as well to develop a new quality assurance program. Our tourism branch received an increase of 584,000 or 4.1 per cent, a substantial increase indeed. This includes a \$200,000 increase for the ministry's event hosting program to support more small- to medium-sized tourism events, a niche that we're very aware of.

Saskatchewan recently hosted the Ford World Men's Curling Championship. A *Leader-Post* article about the championship said that 100,000 fans passed through the Brandt Centre. Turned out to be a fantastic opportunity to show off our city and our province, and of course, the economic spinoffs from events like this are truly enormous. Our ministry will continue to support and grow event hosting with this expanded funding.

Now, Mr. Chair, I wanted also to outline the additional \$200,000 in funding for Tourism Saskatchewan to fund the development of a new quality assurance program for the province's tourism industry. Much as our regional parks are doing, Tourism Saskatchewan wants to ensure visitors to our province have the best experience possible. There are certain standards that must be met, and Tourism Saskatchewan and the great people working there, we believe, are the experts to

oversee this important initiative.

I've already talked about some of our heritage work that we're overseeing, but I'd also like to talk about the culture and arts programming as well. Culture and arts received an additional \$881,000 in the current budget to support new programming and in particular the Main Street Saskatchewan initiative. We recently announced the details of Main Street and this is a program that we're all very excited about. Main Street is a community-driven program designed to successfully revitalize the historic downtown commercial districts. It's based on the principles and best practices of community economic development, marketing and promotion, and heritage conservation and design as well.

It succeeds because it brings together municipal leaders with their business and arts communities as well. The results — innovative renewal, increased economic activity, and the creation of neighbourhoods that warmly welcome artists and arts activities. I think we're all familiar with how successful Moose Jaw's downtown revitalization has been, and we have high hopes for the communities that will be part of our Main Street demonstration project in the coming fiscal year.

In this budget, funding was also allocated to the study of the potential for a new museum to conserve Saskatchewan's military heritage — very important. It's vital to act now, we believe, and preserve this piece of history. Priority activity suggested by the military community themselves include collecting the anecdotal stories of participants in our nation's conflicts and peacekeeping operations while it is still possible to do so, before they're all gone, and considering the creation of a web-based virtual military museum for students to use in school programming. We think the ministry is the right organization to explore how best to preserve important memories and artifacts, and we will do our due diligence in researching this valuable initiative.

I wanted to mention as well that SaskFilm [Saskatchewan Film and Video Development Corporation] is going to receive an additional \$116,000 in response to the task force report recommendation for additional marketing and promotional resources. This is about a 10 per cent increase from last year, Mr. Chair. We continue to consider the other recommendations provided by the task force. This funding is in addition to the ongoing annual financial support for the Canada-Saskatchewan Sound Stage facility, the film employment tax credit program, and SaskFilm itself — funding which has already amounted to almost \$60 million over the course of three years.

And speaking of marketing our artists, more than 200 Saskatchewan artists are, as we speak, taking part in the Prairie Scene festival in Ottawa. It was my honour to attend last week, and I can assure you that our musicians and our actors, our painters and craftspeople are making an enormous impression on the nation's capital. Our government was happy to provide \$250,000 last budget to this major multidisciplinary arts festival, and it's exciting to see it under way now and to see how successful it's actually being.

Increased film marketing money and support for Prairie Scene nicely fit with our new cultural policy called Pride of Saskatchewan. Mr. Chair, this policy creates a strong

foundation for a cultural sector, and it will help us be forward looking. It was the result of very lengthy and comprehensive consultations with Saskatchewan's arts community and charts a shared course of action created by artists for artists.

Mr. Chair, gaming and lottery revenues remain relatively steady. Therefore the good work of the Community Initiatives Fund, or CIF as it's known, Sask Culture, Sask Sport, and Saskatchewan Parks and Recreation Association, SPRA, continues through their funding and support of provincial and community-based organizations all over the province.

Speaking of the SPRA, I just want to say here that our ministry's sport, recreation, and stewardship branch is leading work and collaboration with this group to develop a provincial strategy for ensuring children and youth will access sport, recreation, cultural programs, and services during the critical two-hour after school period. This important initiative was recently presented by our delegation to federal, provincial, and territorial colleagues coast to coast to coast, and I am very pleased to say that we helped achieve a broad consensus of support to move forward together. This is work that will be incredibly important for our province and especially for our young people.

I'm also pleased to say that all the third party organizations receiving operating grants through our ministry received a 1.5 per cent inflationary increase to continue their good work this year.

In summary, Mr. Chair, we believe this is a very good budget from Tourism, Parks, Culture and Sport, specifically designed to address the needs of the people of Saskatchewan and to move our province forward and enhance our enviable quality of life. We will be happy to entertain questions from members of the committee.

The Chair: — Thank you, Mr. Minister, and welcome to all your assistants. I would just ask if they would state their name, if they're answering questions, for the record. And we'll go into questions.

Ms. Chartier: — Thank you, Mr. Chair. Thank you, Mr. Minister, and to your officials.

The Chair: — I'll recognize you.

Ms. Chartier: — Okay, sorry.

The Chair: — I wasn't sure who was asking questions. Ms. Chartier.

Ms. Chartier: — Thanks, Mr. Chair. We only have about an hour and 45 minutes, so we're just going to get right down to it here. So first question here, would you mind outlining for me the process last year of the de-designation around St. Peter's College as a provincial heritage site. So when it was first requested; who requested it and just how it rolled out please.

[19:30]

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The heritage designation for St. Peter's College in

Muenster was revoked in response to a written request from St. Peter's Abbey. Now that's actually the owner of the building, and it's specifically what they asked us to do. Under terms of the knowledge infrastructure program, jointly funded by the federal government with the province of Saskatchewan, St. Peter's was undertaking a very extensive program of renovations to better meet the needs of their students. Now that included safety provisions and the improvements that were necessary to accommodate wheelchair students as well.

Now as sometimes happens, Mr. Chair, it wasn't entirely possible to carry out this much-needed work without significant alterations to the building's exterior appearance, which would not be completely in compliance with the heritage designation. Recognizing the compelling need to complete the project, St. Peter's made the decision to put the needs of students first and asked for de-designation of the site.

Ms. Chartier: — Just in terms of details, when did they first request that?

Hon. Mr. Hutchinson: — Mr. Chair, we first became aware of the request March 5th, 2010.

Ms. Chartier: — Thank you, Mr. Minister. In your last response, you'd said, and in written questions that I had asked to you, the response was that the de-designation was to provide the opportunity for it to become wheelchair accessible. But was the elevator not built prior to the de-designation? I understand from talking to people in Muenster that the elevator actually was already built well before March 5th.

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. Yes indeed, we understand that construction on the elevator itself happened prior to the official request to de-designate the building.

Ms. Chartier: — So then what was the rationale for the de-designation if the elevator had already been built?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. It's our understanding that the owners of the building were undertaking a fairly comprehensive variety of upgrades. They included upgrades to the program areas, and that's in classrooms and other programs spaces. Windows were being improved. We understand roof insulation was being added, building code provisions which include of course the elevator project, as well as the exterior landscaping. So there was quite a variety of work that was undertaken by the college at that time, not just the elevator.

Ms. Chartier: — Thank you, Mr. Minister, but I just want to note in the answers to the written questions, it noted to accommodate modern technology and provide full wheelchair accessibility. So I would question whether or not the whole validation was in my written answer.

Moving on here, again in written questions, you had said your ministry recommended de-designation. And I'm just wondering who in the ministry recommended this. I do find it hard to believe that the heritage conservation branch who, according to the website, is responsible for protecting Saskatchewan's rich and diverse heritage legacy, the recommendation would have

come out of the heritage unit. So I'm just wondering who in the ministry recommended de-designation when the request came in.

Hon. Mr. Hutchinson: — Thank you for the question. Mr. Chair, it was in fact the deputy minister who authorized the de-designation.

Ms. Chartier: — Thank you, Mr. Minister. And can I ask why . . . Well I understand that according to *The Heritage Property Act*, you have two means of de-designating. You can sign off or there's latitude to go and consult with the community about the de-designation. And this is a pretty significant heritage property. There aren't very many, as you know, heritage properties in Saskatchewan, so I'm wondering why the decision to consult was not taken.

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. Well in reviewing the legislation, we find the following. Section 54(1) of *The Heritage Property Act* actually says, and I quote, "An owner of property designated pursuant to this Part [of course that means this part of the Act] may apply to the minister to have the designation revoked." It then goes on to say, "The minister shall consider an application under subsection (1) . . ." So of course that's an obligation not just simply a choice that we might make. That's the law of Saskatchewan.

If we go a little bit further into the Act, subsection 54(2) of *The Heritage Property Act* says that, if heritage designation of a property is revoked, the minister shall, and I quote:

- (i) serve a copy of the order on the owner of the . . . property [which was done];
- (ii) publish a notice of the revocation in a newspaper having general circulation in the municipality . . .

And that was done as well. In this case, that was the *Humboldt Journal*. And it also says, "in the case of real property, pursuant to the order, discharge any interest registered . . ." And this too was done. In fact, Mr. Chair, everything that the law requires was done.

Ms. Chartier: — That wasn't the question, actually, Mr. Minister. The question was why did you . . . there are two — I'm just searching here through my heritage property Act here — but there are two options. I know you read the first one. There's actually a second option that talks about consultation. So I'm wondering why the ministry . . . Yes, you followed the letter of the law, but I'm wondering why the ministry chose not to consult.

Hon. Mr. Hutchinson: — The deputy minister will provide an answer to the member's question, Mr. Chair.

[19:45]

Ms. Young: — There are two options available for de-designation. We followed the one that was appropriate for the circumstance because in this case it was the property owner who requested the de-designation. And we followed that. The other option is actually when we require or we initiate the

de-designation, then we have to follow consultation. But we didn't, we didn't initiate it in this case.

Ms. Chartier: — Again the point is you didn't have to follow consultation. But heritage resources are . . . When you become a heritage property, you're the . . . Shared resources of the province of this Saskatchewan are shared history, so you did have an option there.

Just backing up here, I had asked the question around who recommended de-designation just in light of the fact that I find it hard to believe that your conservation unit or branch would have recommended it. And I know you said the deputy minister signed off on this, but I'm wondering if you had recommendations from the heritage branch on what you should be doing.

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. Well the heritage resources unit in fact did come up with some suggestions during the process of consideration of de-designation of the site from the owners. The suggestions pertained in particular to conservation of certain heritage features in order to try as much as possible to reduce the impact of construction on the exterior appearance of the building. Ultimately the discussions weren't very successful, and that was due primarily to time and cost considerations facing the owner of the building.

Ms. Chartier: — I just, going back here a second, with respect to section 54(1), I know the comment was that it was because the owner asked for the de-designation, and of course I couldn't find it in my notes here. And so that's why you chose not to consult.

But I just want to read into the record section 54(1):

54(1) An owner of property designated pursuant to this Part may apply to the minister to have the designation revoked.

(2) The minister shall consider an application under subsection (1) and may consult with the council of the municipality in which the designated property is situate, and, within 90 days of his receipt of the application, he shall:

- (a) refuse the application and cause notice of his decision to be given to the owner.

So that was in fact an avenue for the minister to follow. So I just would like to be clear about that.

In written questions that I had submitted, I had asked if any ministries, if you'd contacted any ministries regarding the de-designation. And you said no other ministry was contacted concerning the de-designation. But I'm wondering if any other ministry or government department contacted your ministry.

Hon. Mr. Hutchinson: — The deputy minister will provide an answer to the member's question, Mr. Chair.

Ms. Young: — Just so we're clear on timing, the de-designation request came in the beginning of March. And

prior to that, we had been having discussions with St. Peter's because we were trying to find if there were other things we could do or other ways to mitigate and protect the heritage building.

Early in that, early in that time — and it would have been somewhere in January or February — I did talk to the deputy minister of Advanced Education. And what I was asking for was whether she thought there would be flexibility in the KIP program, the knowledge infrastructure program, flexibility around timing or flexibility around heritage funding that would help us with this. And she did assign us staff who met with our staff on a few occasions to discuss whether or not there was any flexibility because we were looking for alternatives. So that did happen. But when we got to the designation time, there was no discussion with any other ministry.

Ms. Chartier: — But there were previous discussions about it. Okay. In light of the Carlton Trail-St. Peter's failed merger, I'm just wondering if the now . . . if Mr. Kobussen had any contact with your ministry either prior to the de-designation request or after March 5th.

Hon. Mr. Hutchinson: — Thank you for the question. Mr. Chair, the deputy minister will provide a response.

Ms. Young: — And I will try to be accurate; it is testing my memory a little bit. But I do recall talking to Mr. Kobussen at least once on the phone because when we became aware of the construction that had happened, we contacted them immediately. He was the point person on the construction project, so it was him that we talked to. And I do know that the heritage staff talked to him on at least one occasion and again trying to find ideas around trying to preserve other parts of the building. But he was the point person, so it was the natural person to talk to.

Ms. Chartier: — Thank you. Would you say, in recalling your discussion with him, would you say that there was any pressure to bear on the de-designation from Mr. Kobussen?

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister will provide an answer to the question.

Ms. Young: — Again relying on my memory, I recall no particular pressure from Mr. Kobussen. He understood we had a problem, and he made himself available to our staff to talk. And we did talk on several occasions. And he was actively looking, as we were, to try and find solutions to, alternatives to the other construction that still remained.

Ms. Chartier: — Do you know in what time frame those conversations took place?

[20:00]

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The deputy minister will respond.

Ms. Young: — Yes, it was in January that we were aware of the construction, and the conversations began pretty well right as we became aware of it. And they did go on for some time because we were trying to work through a couple of options. So

they would have gone on in January and February.

Ms. Chartier: — Was there a rationale given why the construction happened before . . . Had they asked for the necessary . . . I've never worked on a heritage property before, but I understand that there are specific things that you're supposed to do before you embark upon a renovation. Did that, as Mr. Kobussen was your point person, did that happen?

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister will respond.

Ms. Young: — I'm not able to answer as to the reasons why. What we do know is when we did contact them, when we found out construction had begun, they did say they had made an error.

Ms. Chartier: — And then they were requested de-designation, which your ministry obliged them. Just what message do you think . . . This is a fairly . . . I understand that there's been four de-designations or partial revocations in the last decade. And from my understanding of them, is it an unusual thing to, in this past decade, to revoke a heritage status based on renovations?

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister will respond.

Ms. Young: — We were just making sure we had the right information. So as you said, there have been four. St. Peter's was the most recent one. There was one full de-designation and two partial de-designations over the past 10 years.

The first full de-designation was the YWCA [Young Women's Christian Association] Building in Moose Jaw and was de-designated in 2010 at the request of the property owner because of the complete destruction of it due to fire. And under the circumstances, broader consultation was not required. And the other was the Diocese of Qu'Appelle here in Regina and the John Nugent Studio in Lumsden, both of which were partial de-designations in 2009 at the owner's request in order to remove certain lands that had no heritage value and can take no heritage features from the designated parcel. And so those also proceeded. And thankfully it's not very many that go through this because the heritage buildings, as you note, are important.

Ms. Chartier: — Thank you very much. I see our time is short here, so I'll move on here. Just with respect to parks. Now here looking at your plan for 2011-2012, I know one of the action items or key actions is to improve opportunities for existing and new commercial lessees to complement the services provided in Saskatchewan provincial parks.

So I'm wondering when a business or organization wants to open or further expand a business within a provincial park, what process do they have to follow?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The director of parks management services, Mr. Bob McEachern, will respond.

Mr. McEachern: — Thank you. When a business person wants to start a business in a provincial park, we have what we call an unsolicited application or proposal that they're asked to

complete. And it's submitted to the ministry, and we look at that proposal to see if it's appropriate with provincial parks and the needs and facilities that we want in provincial parks. And if so, that opportunity is advertised publicly and the proponent is asked to participate in that process.

Ms. Chartier: — Thank you very much. In terms of expansion of a business in a provincial park, is it the same process?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The director will answer this question.

Mr. McEachern: — With existing operators in provincial parks, if they're interested in expanding their business then they'd normally, if it's, you know, outside the scope of their existing contract, they would ask us if they could do so and we would review that. And we like to provide an opportunity for people to expand and grow their businesses. If it's something that's already provided in the park, that would be a factor, and also if it's . . . We often go to what we call park advisory committees for stakeholder input.

Ms. Chartier: — Thank you. Who reviews the requests or applications? And if an application is denied . . . This is specific for expansions. So who reviews the requests and makes the decisions, and is there an opportunity for review or appeal?

[20:15]

Hon. Mr. Hutchinson: — Thank you. Mr. Chair, the director will respond to the question.

Mr. McEachern: — Thank you. These proposals are submitted to headquarters to the staff, the business staff in Regina, and they make the initial evaluation and determination of whether the business should be allowed to expand or not.

Ms. Chartier: — You had said though in that decision with respect to criteria that you like for a business, you like to see them . . . If it's outside of their scope of practice and it's not offered in the park, then there's the opportunity for them to expand their business. Just going back to your first answer there. Sorry, that wasn't a very clear and concise question. So you had said that you like to see these business . . . you didn't say grow or prosper, but if you can help your existing operators you like to be able to do that. Would that be a fair statement?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The director will respond again.

Mr. McEachern: — The appropriate response would depend, and very considerably, based on the circumstances of the individual situations.

Ms. Chartier: — I just want to clarify too, is it the case that business owners in parks across Saskatchewan pay 2.5 per cent of their till receipts to the provincial government? Is that correct?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The director will respond.

Mr. McEachern: — Each lease is a bit different, and most of

them pay a lease fee that's based on a percentage of gross revenue. The rental accommodation lessees, their lease fee is primarily based on a flat fee based on the number of rooms that they have available for rent. And the percentages vary. They vary from 1 to 6 per cent.

Ms. Chartier: — Thank you. And if something isn't offered in the park and a business or organization who already operates there wants to expand, what parameters would you need to put on that? Or what criteria do you lay out to help assess whether or not that business should be able to expand? Sorry, I know you had mentioned that one of them was if the service isn't provided in the park, that that would be something you'd want to look at.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. Once again the director will respond to the member's question.

Mr. McEachern: — The first consideration would be whether the proposed activity is appropriate in provincial parks, and some are just considered inappropriate. But if it is something that's fairly typical and appropriate, then we look at whether the service is provided by someone else in the park and/or near or adjacent to the park and trying to determine whether there is sufficient demand for duplication of that service. An example where this has occurred would be at Regina Beach recreation site. You know, from time to time people have proposed certain types of businesses, and the majority of those businesses are in the immediate community, so we don't duplicate those on the parkland. An actual example would be, there was a fast-food proposal in 1998, and it would have been rejected on that basis of the food service in the area.

Ms. Chartier: — So just to clarify, in the area but not in the park.

Mr. McEachern: — Yes.

Ms. Chartier: — Okay. All of this is about a very specific case too, actually in Greenwater Provincial Park, with Gary and Connie Schmidt who have been long-time cabin owners in Greenwater and have owned and operated the restaurant there, the Beach Café, for the last eight years, and this last year purchased the store and will be operating it for the first time this summer. They opened the store for the first time ever . . . they've had some public encouragement to open, sorry, the restaurant full time this winter and have chosen to do that.

They also asked to sell gas. They'd been asked a few years ago actually by the ministry to sell gas, and at the time it wasn't right for them. It didn't work. There is a gas vendor there in the summer who has a no-competition clause, and the Schmidts are very well aware of that. But they were very interested in . . . As I said, they're operating their Beach Café during the winter and had applied for the opportunity to sell gas, and many people had encouraged them to do that. So I'm just wondering how you assess that.

I have a letter here from Kevin Engel that says, "Gas is currently available on a year-round basis adjacent to the park, and there was no indication the access is a concern or demand is not being met at any time during the year." So that's in keeping with what you've said about adjacent businesses, but I'm just

wondering though, there's already gas in the summer, so it doesn't seem to be a problem that there's gas being offered in the summer with the adjacent business.

I don't know why you wouldn't be stepping up to support this business who's been . . . It's a mom-and-pop shop. They've been there for eight years, and 2.5 per cent of their till receipts I understand go to the province. So I don't know why the province wouldn't be interested in a little competition and supporting that.

[20:30]

Hon. Mr. Hutchinson: — Thank you, Mr. Chair, for the question. The director will handle more of the technical aspects of the answer, and I've got a couple of more general comments that I can add to the end that might be of some help.

Mr. McEachern: — So this, the situation that you're referring to, is currently under review. We're having another look at that. But one of the, one of the key things that's been looked at is the difference in demand during the summer months period versus the rest of the year or on a year-round basis. And the demand is substantially different, and that's one of the key considerations.

During the summer, gas service is also provided by the individual that rents boats, and they have the right to do that in their lease as it is provided beside the park. And the business that provides it beside the park is operating year-round, and that is a significant component of their non-park, off-season part of their business. So that's another key consideration.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. So obviously this is a matter that's under discussion currently, and there are a number of different factors that are at play that need further consideration. We could also offer the following: that if the member wishes to discuss this with ministry officials in further detail at her convenience, we can certainly arrange that kind of an opportunity if that would be her wish. And of course as always, we're also available to talk to this proponent, any proponent about a concept that they might have if that's going to be of some help.

Ms. Chartier: — I will take you up on that offer. That will be a tremendous help, and I'm sure Connie and Gary would be very happy to hear that. And I'm glad to hear that it is in fact still under review because they thought this was a fairly final letter as of January 18th, but I'm sure that they will like to discuss this further. So I can move on to further questions. Thank you. So if we can make arrangements in the very near future, that would be fabulous. Thank you.

Just to sort myself out here for one moment, please. So with respect to the film and television task force, again one of your key actions in 2011-2012 is, "Building on the work of the Film Industry Task Force, work with Enterprise Saskatchewan to investigate options for strengthening the film industry in Saskatchewan." And another was to "implement changes to the Film Employment Tax Credit based on recommendations from a Lean Initiative to streamline business processes and quicken the turnaround time to issue tax credits certificates, creating financial savings for producers."

So as of now, the task force report reported in October and as of yet there have been no recommendations implemented from this task force. Can you explain on how you will be building on the work of the task force?

Hon. Mr. Hutchinson: — Well thank you for the member's question, Mr. Chair. And I think there's going to be several of us that feel that we have something to contribute in the way of an answer, and I'll lead off.

We find that we must disagree with the member's statement that none of the recommendations have been acted on. We would feel that it's exactly the opposite, and here are some of the points that we would like to make in our defence.

We did respond to what we understand to be one of the film industry task force's main interests, top priorities, and that is to try to telescope, to reduce significantly the number of months — and in fact a year or two in some cases — that they typically have to wait in order to get the film employment tax credit payments back. We sign cheques every month for film productions that have happened a year or so ago, and it's great to be able to give them that money that was all part of the deal, that was the circumstances under which they agreed to film here in Saskatchewan, but it takes them too long.

People in the film industry will tell you of course that this is a high-risk business and, yes, while they can attract capital, it's at significant cost. The market rate for borrowing is high. So the sooner they can get money back into their pocket in order to repay some of these loans, the better off it will be. It will significantly reduce their debt servicing costs, which are big; it's a big part of their operating cost.

So what we did was initiate a discussion. We checked out the process. We thoroughly reviewed it top to bottom. Of course we were talking to stakeholder groups, and we found a way to reduce the time almost by half for the provincial employment tax credit payments. So this is going to be of tremendous benefit. And as I said, we understand that this is in fact one of the top priorities mentioned by the film industry folks that sat on the task force which, by the way, we created in the very first place to do exactly these kinds of investigations and recommendations.

There is a bit more of a thornier issue and that is, is it possible to speed up the Canada Revenue Agency in its consideration for repayment of the federal tax credit portion? That's something we're working on. It goes to Ottawa obviously. It's not just within our own ministry. It's a more complicated, more time-consuming process. We'll give it the best shot we can, and discussions in that regard are currently under way.

There is \$116,000 extra in the budget for SaskFilm specifically for marketing of product, improving SaskFilm's ability to take productions that are completed by Saskatchewan-based film crews and market them outside of Saskatchewan and around the country and the world. That was another key priority that they also listed in the recommendations of the film task force.

So those are two initiatives, Mr. Speaker, that we know directly address top priorities as identified by the folks from the industry themselves. And then there's a third one. We have something

called the series incentive program. What that does is it allows SaskFilm to offer use for television series like a *Corner Gas*, like an *InSecurity*, like a *Little Mosque on the Prairie*, for example, use of the facility for their first year at a very, very low rate. They can negotiate the rate that is required in order to become attractive in competition with other jurisdictions in Canada. We have also undertaken, of course, through an existing agreement, to underwrite any operating losses accrued by SaskFilm in their yearly operations. So if they feel obliged to very deeply discount use of that facility for the first year in order to attract a new comedy series, like CBC's [Canadian Broadcasting Corporation] *InSecurity*, which is exactly what they did, we'll underwrite that. And they know that.

They're particularly concerned that we not back away from that incentive, but to maintain it. And that was one of the priorities that they expressed in the film task force recommendations. We were able to confirm to them that we have every interest in maintaining the program.

And is it successful? Well, Mr. Speaker, proof is in the pudding. Virginia Thompson who is the CEO [chief executive officer] of Vérité Films in Toronto announced recently that not only was *InSecurity* coming to Saskatchewan in part because, as she said in her quote, she loves working here — and that's very gratifying, of course — but also because the series incentive program made it profitable to do so. And recently it was announced that they're coming back for a second season. *Little Mosque* is also signing on again, Mr. Speaker. And that's why we see in the figures that there is a modest, though demonstrable, rebound in film and television production in the province of Saskatchewan.

Now I believe that the deputy has a couple of other comments that might help as well.

Ms. Young: — Just to build on that, the task force talked about the film employment tax credit, not just getting the processing time down but the nature of the credit itself. We have begun discussions within the ministry and within government about that. These things do take a bit of time. There are whole program changes and ultimately could involve legislative changes. So they're not done quickly.

And I would say that SMPA [Saskatchewan Motion Picture Industry Association], who represents the film industry, is quite aware of the timing around those things. And I did meet with SMPA two weeks ago and spoke to them about the way ahead and what we were doing on that and the work that was still under way. And SMPA actually has asked us if we would continue some form of the task force going forward so we could stay in touch and advise and work together for the film industry.

Their sense was that it would be better working together going forward. So they've actually made that request and we'll be getting back to them shortly about that.

Hon. Mr. Hutchinson: — We do note a recent letter that was given to us by SaskFilm in which they say, "On behalf of the board of directors and management of SaskFilm, please accept this letter as an extension of appreciation for the continued and enhanced support of the film, television, and digital media industry." So obviously they recognized the extra dollars, and

certainly they are appreciative of it and can't wait to get going to use it actually.

Ms. Chartier: — Thank you. Just I hate to quibble here, but I have a quote from SMPA from the budget, the response. And I know, Mr. Minister, you and I have pulled different parts of this quote out. The quote: "We are however disappointed in the fact that the recommendations put forward by the task force were not implemented for this budget year." So with respect to the lean initiative, my understanding is the majority of the holdup is in fact on the Canada Revenue Agency side of things. That is where the holdup is. So I commend you for taking a lean initiative, but the real issue with the tax credit is on the CRA [Canada Revenue Agency] side. So I think the film industry was hoping that the province would backstop that until the CRA money came in.

[20:45]

With respect to the \$116,000 for marketing, it's great to have more money for marketing for sure, but that was not in fact anywhere in the task force. That I believe came out of a letter, I think, from possibly DGC [Directors Guild of Canada]. I don't have the information in front of me. But that was not in the task force. And thirdly, the series incentive was announced last year after you decided to privatize SCN [Saskatchewan Communications Network], and in fact I understand that the film industry — well looking in front of me here at the report — they want the series incentive program enhanced or expanded and not just as is. I understand that there's been productions or the possibility of productions coming. It should be used as an incentive and not just for a pilot project. So just not to quibble with what you've said, but I would completely beg to differ that you have implemented any of these recommendations.

I'm glad to hear that you're sitting down with SMPA and are working on it because the film and television industry is in dire straits here in Saskatchewan, and every month, every week counts. We're moving into production season right now. Things should have been booked by now.

So on that side of things, can you tell me how many bookings SaskFilm is expecting for the sound stage this year?

Hon. Mr. Hutchinson: — Well thank you for the question, Mr. Chair. A couple of us will be responding with what we feel is appropriate detail. One of the things that we need to state so that we can provide some proper context for this discussion is what we believe to be an enormous opportunity, which is occasioned by the successful sale of SCN to Bluepoint. What happens here is that the distance education service of course, which is very important, is ensured survival — it's completely viable and continues — the film library is still accessible, and perhaps most important from the perspective of tonight's discussion is that there will be significantly more money invested directly in Saskatchewan film production by Bluepoint than SCN was ever able to budget for. So that's a very significant advantage. That's going up to \$1.75 million annually. It's going to make a big difference. And in fact, my understanding is that a request for interested parties to respond was issued by Bluepoint recently and there have been over 100 responses from the film production community, which indicates an incredible level of

interest. Obviously the film community is aware of the opportunity and wants to take full advantage of it. We warmly welcome them to do so.

There's another and possibly in the end — although difficult for me to tell at this early point — an opportunity which might be even more important. What Bluepoint has undertaken to do is to provide millions of dollars over the next few years directly dedicated to making sure that film production is available in digital format. Gone are the days, Mr. Chair, where you could film something on 35 millimetre and hope to sell it around the world. It's just not possible to do so. But if you can do it in digital format and you can market it successfully around the world through SaskFilm's efforts so that people can download it on to their iPhone, their iPod, their iPad, all of these new electronic devices that weren't in general circulation five years ago and weren't even imagined 10 years ago, then you have just tapped into a worldwide market that's brand new.

It's what people around the world are already doing, and what Bluepoint is saying is, we'll help Saskatchewan film producers make the jump as well. They look at it as a very key priority, and that's why they're spending millions of dollars over the next few years to enable Saskatchewan film people to get involved in that sort of successful fashion. And I believe that the executive director has a few comments to add as well.

Ms. Hetu: — The productions for '11-12 . . . It's often hard to predict what's going to be coming in, but what's been confirmed are three series, and that's the *Bionic Bannock Boys* — bit of a mouthful — *InSecurity*, and of course *Little Mosque*. There are two features that are exploring doing some work here in the province, and those aren't public at this point and nor are they confirmed. And there has also been a big increase in inquiries about doing some work here in the province.

Ms. Chartier: — Thank you for that. Just a couple of things here. So the three series, those aren't . . . *Little Mosque* isn't here for very long, though. They're doing most of their production in Ontario, I understand, and some of it . . .

Ms. Hetu: — It's 50/50.

Ms. Chartier: — It's 50/50? So can you give me a number of days for the three series?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The executive director will respond.

Ms. Hetu: — We don't have that specific information with us tonight, but we'd be happy to get that for you.

Ms. Chartier: — That would be great. Thank you very much. How do these three series compare to your peak in terms of use of the sound stage in your peak year?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The executive director will respond.

Ms. Hetu: — We don't have that specific information on peak usage of the production studio, what that was specifically, and we can endeavour to get that for you from SaskFilm.

Ms. Chartier: — Great. So with respect to the series initiative which, correct me if I'm wrong here but it applies to new pilots. It's to attract new pilots here, is the series incentive. So it applied last year to *InSecurity*, so they're coming back and paying for their full use this year.

Is there any interest . . . You talked about two features exploring or interested in coming here. Is there any desire or will on the part of your ministry to expand, as per the task force, the series incentive, to include other types of productions?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The deputy minister has a response to the member's question.

Ms. Young: — Yes. As you know, the series incentive is just a year old. And at the time, we were talking to the film industry at the time, and we understood and got a very clear message — in fact from the film task force — that they wanted to focus on the series. And the series was about the stability of the film industry because when you land a series, you are able to keep your crews in place and there is some stability to the work, whereas there isn't with other kinds of film features. And so the focus was on the series, about the stability. And that's why we went to series and that was just a year ago.

Having said that, we know that SMPA wants to open it up and have a look. And I guess what I said to them two weeks ago, and I will say again now, is that we're always interested in opening up and analyzing whether it makes sense to make any modifications. And we would do that, not only with talking to the industry, but with talking to SaskFilm who have the expertise in this area.

Ms. Chartier: — I'd respectfully ask if you could do that quickly. As we move into production season, it's sitting empty basically. We've got three series booked. This is a multi-million dollar facility that is a huge tool for attracting film and television production here, and it is sitting empty. So I don't quite understand.

The task force report, from my understanding, every single recommendation, they didn't prioritize any particular one. All of these recommendations, they . . . And you signed onto this. This was a package. This is everything that they need, they would like to have done. And they followed the parameters of having things not cost a whole bunch of money. The sound stage is sitting empty. So I am asking if you're planning on moving quickly on this?

[21:00]

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister is prepared to respond.

Ms. Young: — And I guess I would just emphasize that we are prepared to meet with SMPA, having met with them already, and agreed that we would keep talking and working together. And, yes, there was one idea about using the series incentive differently. We would want to carefully analyze that and make sure that we were comfortable with it, but there might be other ideas too that, as a group, as a sector, we can come up with. So we did say to SMPA, we would be getting back to them and

that is our intention.

Ms. Chartier: — Just to be clear here, this task force was the opportunity to sit down and get ideas. From what I understand, it was quite an amazing process of which you were a big part, where it had big and small producers. It was actually, I'd say — and I don't say this lightly — this is probably one of your better consultation processes, and unfortunately you're not acting on it. So I would say that, stop meeting and start acting. I hear the Minister of Social Services says that all the time, and I would implore you to do the same.

But on that note, is there a future plan to perhaps sell the sound stage and not keep it as an asset of the province of Saskatchewan? I don't understand why the foot-dragging on this.

Hon. Mr. Hutchinson: — Well thank you for the question, Mr. Chair. I'll respond. We are not considering selling the facility. We have no intentions of doing that, and we're not sure why the member would even think of such a possibility.

Ms. Chartier: — Because it's sitting empty and you have an opportunity to use it. And the film industry is in dire straits and the sound stage is one of the key components of the film industry here in Saskatchewan — that's why. And I'm not the only one. I've had lots of people in the film industry throughout the province express concerns around that. And maybe it's fearmongering, but we'll have to wait and see and see if you can fill that.

With respect, I'd have one more film question actually. Coming from Saskatoon and speaking to producers there in Saskatoon, is there any interest or will to replace the rural bonus with a non-studio bonus? Again, the producers in Saskatoon, that was one of the recommendations of the task force, and I know producers outside of Regina are very interested in that as a possibility.

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. The executive director will handle this one.

Ms. Hetu: — We're looking at all of the recommendations that were made specifically to the film employment tax credit, many of which require legislative change. And it is a labour film employment tax credit. And so changing the deeming provision and including a non-studio bonus also has the implication of moving it away from a purely labour-based tax credit. So these are things that we're looking at. And you know, that legislation is a fairly lengthy process to change.

Ms. Chartier: — That might be one reason to act on it now, the sooner the better obviously, but thank you for that. I see that we're . . .

Hon. Mr. Hutchinson: — There's one more comment that might be helpful in answering the member's question. While not an expert in this field, if I understand correctly, Mr. Chair, if some of the changes that are being considered were carried out, it might actually change the involvement and the participation of the CRA folks, the Canada Revenue Agency people, and of course that just brings on a whole load more of technical considerations. So those are some of the things that we're trying

to sort through as we speak.

Ms. Chartier: — Thank you very much. We're running out of time here, but in terms of your ministry's off balance sheet liabilities, do you have any?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. We're not entirely sure what the member might be referring to. And we were wondering if she could perhaps be just a little bit more specific, and we'll happily address the question.

Ms. Chartier: — Third party contracts.

Hon. Mr. Hutchinson: — Well thank you, Mr. Chair. I'll attempt to answer the question. I'll have to admit that we're struggling a little bit in order to fully understand. But if I understand the question correctly, an appropriate answer might be the following: that we do from time to time, as the need and opportunity arises, engage third party consultants. Now these would be people outside the ministry whenever they have expertise that we feel might be particularly useful, and they are third parties. But we're at a bit of a loss as to imagine how that would be considered a liability.

Ms. Higgins: — Well I guess the question we were looking for is if there is any unfunded liabilities that may be carried by the department or the ministry that wouldn't show on your yearly budget. We've run into this in a couple of other departments. So is there any outstanding liabilities that you have or unfunded liabilities that may be under the responsibility of the department . . . or ministry, sorry.

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair, we're not aware of any unfunded liabilities.

Ms. Chartier: — With respect to the Commercial Revolving Fund, just looking at the numbers, last year it was estimated at 280 million and this year at 266.3 million. And it also dropped the previous year from 297.9 million to 280.9 million. So I'm just wondering why you're expecting and have expected the Commercial Revolving Fund to be lower.

[21:15]

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister is seeking a little bit more clarification, and I'm not sure if she has a more specific question to try to get.

Ms. Chartier: — Under a full-time staff complement that's what I was wanting.

Ms. Young: — Okay, got it.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. The deputy minister I believe is now able to respond.

Ms. Young: — Yes. It is correct that that number has dropped and the reduction is being handled through a variety of things. It's being handled largely through attrition. We do have, sadly, retirements and some of which we're filling and some we are not. And we are also managing with vacancies too, so that's how we're managing it over the year.

Ms. Chartier: — Okay. Thank you very much.

The Chair: — Well thank you, Mr. Minister. Thank you to your officials and thanks, Ms. Chartier, for your questions.

This committee will break for five minutes while we change ministries and officials.

[The committee recessed for a period of time.]

**General Revenue Fund
Municipal Affairs
Vote 30**

Subvote (MA01)

The Chair: — Well thank you and welcome back to the Intergovernmental Affairs and Justice Committee. We are here to consider the estimates for Municipal Affairs, vote no. 30. Minister Hickie, welcome. If you'd like to introduce your officials.

Hon. Mr. Hickie: — Thank you, Mr. Chair. Sure. I'll take a second here to introduce Van Isman, to my left, my deputy minister; and Keith Comstock to my right, assistant deputy minister. To my far left is Marj Abel, director of financial planning, central management services. Somewhere back there is Russ Krywulak, executive director of grants administration and financial management. Next to Russ is Kyle Toffan who is director of grants administration; John Edwards way in the back up there, executive director of policy development; Sheldon Green up there as well next to John, executive director of strategy and sector relations; and Wade Armstrong, chairman of Saskatchewan Municipal Board.

And we're not going to have a preamble tonight. I'd just say we get right at it.

The Chair: — Well thank you, Minister Hickie, and welcome to the officials. I would ask, if you're answering a question, when you answer a question, just please state your name on the first question for the record. And we will get into the questioning. Ms. Higgins, you've got some questions.

Ms. Higgins: — Thank you very much, Mr. Chair. I guess just to kick off, we had talked last evening that you were here in estimates about some questions that were asked, written questions, about exceptions to the maximum transaction limits on purchase cards. And you had talked about providing the information.

Hon. Mr. Hickie: — With me as of this evening, we have the list for you here. We have the monthly limit and transaction limits, so we can table that if you like, with the name of the staff. But there have been no instances of purchase card holders exceeding approved limits. So we can table this. And there's a little asterisk at the bottom for you to note that.

Ms. Higgins: — So do you have exceptions to the rules from the Finance whatever it is document, treasury board policy that sets the maximum transaction limit at 5,000?

Hon. Mr. Hickie: — No exceptions.

Ms. Higgins: — No exception?

Hon. Mr. Hickie: — No. No exception. We'll table this if you'd like to get this though.

Ms. Higgins: — Okay.

Hon. Mr. Hickie: — Sure.

Ms. Higgins: — Thank you very much. Last year, or maybe two years ago, we had the SIGI [Saskatchewan infrastructure growth initiative] program that was put in place to help municipalities develop subdivisions when we were talking about the growth issues putting a fair bit of strain on municipalities to provide the services that were needed.

When you look at the information that's on the website, lays out the initiative is a key component of the government's growth agenda as it provides another option to fund municipal infrastructure related to lot development. Is there a fair bit of flexibility with this program?

Hon. Mr. Hickie: — Well thank you, Mr. Chair. The program is arranged through flexibility options for industrial, commercial, and residential lots to be developed. But the ministry will also consult and work with the different municipalities as they bring their applications forward to ensure that the flexibility is there so that nothing surprises them in the end. If they want to put an application in for one or partials or all of the three, they can.

Ms. Higgins: — Going through the website and looking at, as of March 15th, 2011, the projects that have received approval under SIGI, I was quite surprised by the amount of lagoon expansion, sewage lift station, stormwater improvement, well development. I never expected waste water and that type of infrastructure to fall under this program.

Hon. Mr. Hickie: — Well thank you. The rationale for that was of course with the expansions of residential lots and commercial industrial lots. But we see that there's also the capacity issues that's going to put pressure on the current system, so they could apply for those upgrades as well. If they were . . . Because in some communities, they weren't using SIGI to actually do lot developments. There were private developers doing it. But they had applied to the SIGI program for the capacity lift on waste water, sewage systems to ensure that the system can be adapted to that new growth that's taking place in their communities.

Ms. Higgins: — So then in the new program, when you're looking at the recreational pilot program through SIGI, is it going to have this type of flexibility attached to it also?

[21:30]

Hon. Mr. Hickie: — Thank you. The situation here with this recreation process and the program initiative is to assist for these communities that for the most part want to be able to provide facilities to their communities that never got funding or were unable to get funding, secure funding, through other federal programs for whatever means. Some were just not able to put their applications in on time and those kind of issues. So we developed this program after getting feedback from the

municipalities.

Now in this case, these programs were looking at things like recreational centres, possibly some other cultural centres. One of the communities asked about maybe doing a swimming pool. So we don't think that would be, that would put a strain on the capacity like a major residential lot development or commercial development with a bunch of different buildings coming into play. So when you have the application for the recreation component which is strictly for recreation facilities, cultural facilities, we wouldn't look at that issue as being a huge burden upon the municipalities.

Ms. Higgins: — Strictly recreational facilities, cultural facilities?

Hon. Mr. Hickie: — There's a component there. We're prepared to make flexibility in this as well. There are some communities who have asked for a combination where you would have a cultural facility, maybe some sort of an attachment to a recreational complex that's already standing, and we're going to let them apply. And there's going to be a panel that's going to discuss this between Tourism, Parks, Culture and Sport and Municipal Affairs.

The priority right now, there's an application for this to be filled out, and it's graded on a system of needs. The impetus for this program was recreation first, but we've had some intake, uptake and some interest into looking at aspects of cultural facilities as well, which could be anything from possibly maybe an arts facility. But there's not a lot of money available here, so some of these projects are going to have to be screened and looked at and, based on what kind of intake we have right now, the committee will make that decision as to funding priorities.

Ms. Higgins: — So what this program does is the Government of Saskatchewan covers the interest rate on the money that's borrowed.

Hon. Mr. Hickie: — Correct.

Ms. Higgins: — That's what it is?

Hon. Mr. Hickie: — Yes.

Ms. Higgins: — So then when we look at budget and on the SIGI program, we're going from 2.3 million to 5.545? So that's the expectation of . . . You're going up about 3.2 million, a little more?

Hon. Mr. Hickie: — That's correct. Yes. Yes.

Ms. Higgins: — The uptake on the original SIGI program, did it meet the expectations, or was it higher than what you expected?

Hon. Mr. Hickie: — The interest was very high upon forming government and putting the platform piece out to the municipalities. However we've had \$300 million of borrowing capacity was . . . 75 million a year per budget was allocated, and we've had \$200 million roughly utilized, to the advantage of some municipalities.

Like I mentioned before, they actually had private developers come in and develop lots, and some communities found that that was more, I guess, economically advantageous for them to have that happen rather than applying to the SIGI program and having the interest cost paid for five years. So there wasn't the complete uptake that was allowed to be, but the budget was there for it if it would have been there.

So that's where the recreation program . . . We find now that there is some money available that we can actually divert from this because, in the last intake, it wasn't the full commitment of \$75 million required. So this 12.5 in borrowing is allowed to be put into this year's budget for recreation specific.

Ms. Higgins: — So then this is the last budget year for the 75 million? Is this the fourth year of the program?

Hon. Mr. Hickie: — This would be the fourth year of the program, yes.

Ms. Higgins: — It's done after this year.

Hon. Mr. Hickie: — Yes. The last intake was already . . . Applications were just received a little while ago, yes.

Ms. Higgins: — So then the recreational pilot program, that's money that had previously not gone in the uptake or the allotment that was there.

Hon. Mr. Hickie: — That's correct. The reason for this particular pilot was for the simple fact that we didn't utilize what was already committed, would have been committed from the platform piece during the last campaign. So we decided that, after municipalities were asking for some extra money to look at recreation projects, it was decided that because it was in the full uptake that this money was now available could be released for recreation specific because, you know, that initially upon consultation for the program, the stakeholders didn't believe recreation projects should be allowed into the SIGI program.

So it was just for the whole lot development and then the sewage, wastewater treatment facilities. So what happened is that because of the lack of uptake and the need from the communities, the issue became moot so to speak. We were able to take this money now and use it for this recreation pilot, and there was no issue at all with any of the stakeholder groups that were initially asked to give us their viewpoints and where the money should go and how it should be allocated.

Ms. Higgins: — So last time we were here in estimates, I had asked you a few questions about the announcement that was made during budget of the 1.7 million for rebates, whatever, on housing projects to assist the municipal housing projects. Now was there a fair bit of consultation that was done with municipalities on this housing piece?

Hon. Mr. Hickie: — As I say, the last time the Ministry of Social Services was tasked, through Sask Housing Corporation, with any housing initiatives . . . So Municipal Affairs, although had a role to play in that summit that just took place, and we are there as a monitoring kind of a purpose to ensure that there's liaison between municipalities and cities to government, the entire program rests with Social Services. And I would suggest

that, like you did last time, Ms. Higgins, that you want to talk to the Minister of Social Services on what she did and who her officials consulted with municipalities for the program implementation.

Ms. Higgins: — So question then, when this housing program seems to . . . Now I assume you're aware of the details of it. Right?

Hon. Mr. Hickie: — Enough of the details.

Ms. Higgins: — Part of my concern, when I see a number of these programs — housing for sure, which has never been a prime responsibility of municipalities — we see programs like SIGI. And it's very nice for the province to pay the interest on loans, but it's still the municipalities that are acquiring the debt. And I would assume for the housing projects, you were putting a fair bit of weight and responsibility onto the municipalities. When's enough enough? Like, and what tracking is done to make sure that the municipalities aren't getting in over their heads. I mean, I know they're very professional. They have the people in place to keep tabs on this, but how much can be downloaded onto the municipalities before it becomes a worry?

Hon. Mr. Hickie: — Well thank you, Mr. Chair. Thank you for the question. Again I want to let you know that Social Services and Minister Draude will be able to answer your question on the depth and breadth of the consultations and the collaboration that took place in conducting the actual program implementation study.

When it comes to municipalities and your question about when's enough, enough, Municipal Affairs has not received any concerns or complaints from any city in regards to housing from the announcement that this is an off-loading or a downloading on them. We haven't received one.

When it came to the issue of any kind of borrowing or any limits, of course you're aware that Saskatchewan Municipal Board is the one that will control the limits of borrowing by the cities, towns, and villages, and such, and there is due diligence and vigilance on their debt limits. But when it comes to the specific questions about housing, again you say, when's enough, enough? No one's had any communication with the staff at Municipal Affairs about the housing program implementation announced as being a burden upon them and their debt limit that we're aware of to Municipal Affairs.

So you may want to ask your question through to Social Services because the different various programs and different levels of program implementation and funding will be there to assist the municipalities, but you'll have to ask them for specifics on that. We weren't consulted and asked to provide information on that.

Ms. Higgins: — Sorry. What was the last part?

Hon. Mr. Hickie: — We weren't asked to provide information or be part of that consultation as to how that money would be released to municipalities.

Ms. Higgins: — Like am I the only one that that seems a little odd to? That here you are dropping . . . [inaudible interjection]

. . . Well yes, but you know, well I'm curious. Here you make an announcement that requires a fair bit of investment on behalf of municipalities to address a problem that is province-wide, and I'm told that the morning of budget briefings when any of the municipal partners were there, asked if there was anything coming forward on housing, they were told by you, I would assume, or one of your officials, well no, that's a different department. You can get details from them. Here are the folks that are being given the responsibility to provide the housing, but you never told them anything about it. They heard it when the budget was read in this Assembly.

Like it just . . . [inaudible interjection] . . . well I mean, municipalities are partners for Heaven's sake. Many people will view municipalities as the first level of government because they're the ones that have responsibility for delivering the on-the-ground services to people. They're the closest to citizens and the closest to the issues that are out there. So it just seemed somewhat heavy-handed, I would say, to announce something that involved them quite closely, put a fair bit of responsibility on them but not have any type of discussion or even let them know beforehand.

Hon. Mr. Hickie: — Well thank you for the question. And the level of awareness that I have in regards to how the consultations took place and the engagement of Social Services, the Sask Housing Corporation, and their officials who discussed and worked on these initiatives, were one where the program falls and the funding falls under Sask Housing Corporation which is under Social Services.

So the stakeholders that Municipal Affairs is working with of course are the municipal leaders across — like say — first levels of government. Our budget allocations are for SIGI and revenue sharing. The housing package goes through a different ministry, and the discussions and decision were and was at the time that that particular ministry and that particular minister and that particular group would be responsible for the consultations with the municipal sector.

We did have a forum in November, I believe it was, with SUMA and SARM and Sask Housing Corporation which I chaired. And the Sask Housing Corporation officials were there, and they answered the questions. But I know that there was talk about having more involvement with the Minister of Housing and Social Services and the forum that just took place a couple, last week, or two weeks ago was part of that discussion.

You talk about the pre-budget briefing. There were some questions, if I recall, about what are we going to do for housing? It was an issue brought up as to the broad spectrum of, housing's an issue; what are you guys going to do? And the answer was of course that yes, it's not . . . Municipal Affairs is there to be your liaison and be your conduit to cabinet. At the time, the decisions around housing fall within Social Services and Sask Housing Corporation and that those individuals and those municipalities I would have thought — and I may be wrong here — would have had representation at a pre-budget meeting as well because they would have been aware that there was something in housing coming forward.

So I can speak on behalf of my ministry or the ministry — I don't own this ministry; it's the Ministry of Municipal Affairs

— and myself personally. And I know we talked about revenue sharing and SIGI recreation projects. We talked about issues around those things, but no, we never discussed housing because it doesn't fall under this ministry.

Ms. Higgins: — Okay. Kind of moving back to the whole piece about debt, the municipalities and the debt they carry, has there been any consideration for overhauling of the Municipal Board and looking at kind of the true debt of municipalities? I mean, some of it is self-sustaining debt. Some of it, I don't know how you would class it officially, but I mean some of it is, you know, for recreational, for streets, but there are some services that they will have a fee for, that will be self-sustaining. So I mean, it's different kinds of debt that would be put all into one pool and how it's accounted for or how the limits maybe affect any of the municipalities.

[21:45]

Hon. Mr. Hickie: — Thank you, Mr. Chair. Thanks for the question. I'll start off and I'll pass it off to Mr. Armstrong from SMB [Saskatchewan Municipal Board] to give some more insight.

As the member's aware — you've been around this business longer than I have — but we respect, and as I'm sure you did, that there is an autonomous relationship between municipal sector government and provincial government where they do manage their own affairs. They manage their own municipal corporations. And that's what they are.

So when they are looking at incurring debt, running debt for projects, self-sustaining possibly, where they have a fee for service to pay off the loan, they make those determinations themselves. They are an autonomous state. They will know whether or not they can manage that through various means. Now on that note, when they do look at applying for additional debt, they go to Saskatchewan Municipal Board and they consult with them as to limits and they have to produce a business plan, and Wade will talk about that.

We also know that every year there's audited financial statements have to be submitted to Municipal Affairs to show that every municipality is within their function, I guess is the best word, to look at it within their capacity to manage their debt load and their revenues versus expenses, like a business would.

So at this point in time we don't have any concerns. Some municipalities take a little longer than others maybe to get their statements in. There is a new PSAP [public sector accounting principles] requirement for tangible capital asset accounting, and they've been provided the education and training how to do that. We allowed some audited financial statements a little leeway this year, so those would be factored into their planning and to produce their audited financial statements.

But the issue with us is that unless we're taking over a municipal corporation or municipality, town, village, what have you, because they don't have an administrator, they're having trouble, we would let them do their own business as a functioning corporation. And on that I'll pass it off to Wade, to Mr. Armstrong, to discuss some of the criteria and some of the

issues that you talk about regarding debt load maximums.

Mr. Armstrong: — Yes, thank you. My name is Wade Armstrong. We have for the municipalities a legislated limit where their debt capacity is limited to their one year of revenue. And if they're going to go beyond that, then they can come to the Municipal Board to exceed that debt limit. And as the minister has said, once that situation is reached, then we look for a business plan.

We look for them . . . I don't mean to simplify it, but really to go down to the basics, we need to know what are they going to do, what's it going to cost, and how are they going to pay for it. And that there are limits across Canada that are similar to ours. And in addition to the one-time revenue is that their annual payments should not be more than 25 per cent of debt service burdened on there. So again we look at those two measurements to see what a comfort level is. Certainly some exceed that, but again, do they have a commensurate business plan?

Ms. Higgins: — When you're looking at revenues, the one-year revenues, would it be own-source revenues? Would it include what's now the gas tax? Would it include the municipal operating grant? Or is it just own source?

Mr. Armstrong: — We just look at what the municipality controls, just their own source as being secure as the primary indicator, of course. But within a municipality, this one may choose on their own local priorities to take on more of a burden than maybe their neighbours might just because this is their priority, or maybe they're in a particular situation where they need a new facility of any sort of description that had some unforeseen failure, you know. So we look at those emergent situations as well.

Ms. Higgins: — But it is just own-source revenues, so if the province miscalculates on potash and pulls back on the 1 per cent PST [provincial sales tax] municipal operating grant, it wouldn't have an effect on the revenues or the calculation.

Mr. Armstrong: — That's correct.

Ms. Higgins: — Okay. Good. Thank you very much. I guess the big thing that we didn't get into last time we were in estimates was the infrastructure funding, and I know that there has been discussions begun, or I'm told there has been discussions begun. And one of the calls from municipalities is for some type of ongoing permanent infrastructure fund of some type or another. Is there negotiations going on now, or is it moving along?

Hon. Mr. Hickie: — Yes. Thanks for the question. Actually it's going along quite well. We have a group. The municipal sector is engaged in this, and our stakeholders, knowing full well that we have funding commitments, as do our municipal partners. A lot of them are into this infrastructure as well. They know the recommendations or the requirements are in some cases to have a third, third, and a third — federal, provincial, municipal — up to the 2014 mark for some of these projects. So the government's commitment is of course to keep funding our commitment to 2014.

So right now we're looking at, with these stakeholders, asking

them to participate in ongoing discussions about what we call a made-in-Saskatchewan solution, looking at various options and various problems that could arise, such as we know that the federal government has said that they won't look at funding additional infrastructure. Recently we've heard that, before the election.

So we look at these variables in place. The tangible capital asset piece I talked about earlier on, trying to identify what truly needs to be replaced and when. That's the first critical component of this working group across the province: which pipes, which pavement, which infrastructure needs or water, waste water, have to be prioritized and looked at within this province to see, when there is funding that comes out for new requests, what's the most important thing to get fixed first. And then from that point also managing the books, this infrastructure going in right now, its longevity cycle for tangible capital asset management as well. So that's also very critical.

The issue moving forward is that this particular working group is comprised of . . . I want to just make sure I get this right for the cities. I'll pass it off to my deputy to see . . . [inaudible interjection] . . . Okay. I'll give it to Keith to look at, talk about which cities and which smaller towns are involved in it, which groups or stakeholders just so I don't get it wrong.

But I know that it's a very active group that's very much engaged. And it's a process where there's components of tangible capital assets identification, issues regarding possibilities of funding, and how that can work through a made-in-Saskatchewan solution with our partners in the municipal sector. Because a lot of the municipalities, like you mentioned already, are going to be at a bit of a debt load limit. And we want to make sure we can work together with them, to not just say, here, you have no choice. So we're looking for innovative solutions.

So I'll pass it to off Keith to let you know what's been happening. He's kind of overseeing that group too.

Mr. Comstock: — Thank you, Minister. My name is Keith Comstock. The long-term infrastructure project is designed to provide elected leaders at the provincial and the municipal level with a series of options to consider about how we can work together over the longer term to start whittling away at the infrastructure gap at the municipal level. The project itself consists of a number of discrete components, all designed to build a case that will help municipal and provincial leaders to make some wise decisions.

For example we know that a funding program is part of the answer, but it's not all of the answer. Particularly important, in addition to whatever funding might come out of this, is what benefits municipalities can realize through a more effective and more rigorous application of good asset management principles and of the use of new technology and best practices in the areas of facility management and operations. So we know that's a body of work that we need to talk about because it impacts how much we can do and when we have to do it.

The second component that's important too, that we're taking a close look at is how we finance, how municipalities finance infrastructure in Saskatchewan. For a long time, municipalities

have relied on grants from senior levels of government, on property taxes, and occasionally on debentures or bonds — debt instruments that they float themselves — but that doesn't happen very often in Saskatchewan. And when you look around at some of the jurisdictions around the world, they're using different and more innovative ways of doing things. So another piece of this work is to look at some different ways of financing infrastructure and finding out what of those ways may work in the Saskatchewan context.

One of the things that we're acutely aware of with this project and with the work we're doing is that whatever solutions we come up with have to be applicable in Saskatoon and they have to be applicable in Aylesbury and they have to be applicable in Beauval. We have . . . And the RM [rural municipality] of Lake Johnston because that's my home RM. So we need to be cognizant of the range of needs, so the solutions have to be time and place sensitive through all of this work.

One of the other components of this is how we can do a better job of working together regionally. We have done a number of things through the planning for growth program and through Enterprise Saskatchewan regions. And municipalities on their own, to their credit, have done a lot of good work regionally, but we believe that another piece of the puzzle is in, is it working more effectively on a regional basis?

So when we're done all of this work at the end of the day, we want to be able to say to decision makers, an investment of X number of dollars combined with these financing alternatives and this set of asset management principles implemented will result, we think, in these sorts of progressive steps being taken to lower the infrastructure gap.

The bottom line on all of this is that from the ministry's perspective and from the sector's perspective, we don't want to be in the same situation 50 years hence. What we want to do is build a system now that will last over the long term and that will help us to make wise decisions both provincially, in terms of investing dollars, but also at the municipal level.

Ms. Higgins: — So then discussions are ongoing on the big piece. But the tangible capital assets process, where is it? Because it seems to me, and I don't know this for sure but it seems to me the municipalities were asking for resources from the province to be able to fund a process of . . . I remember seeing it somewhere. Sorry. So where is it?

Mr. Comstock: — That's correct. The tangible capital assets is, and I'm not and I don't pretend to be an accountant, a tangible capital assets expert, but it's been explained to us that the tangible capital assets piece is basically an accounting exercise. It helps you to evaluate or to cost out what infrastructure you currently have.

The other pieces of the puzzle is, how quickly do you need to replace those pieces and at what point in their useful life is it most economical to do the work? So the tangible capital assets piece is good from an accounting perspective. But engineers and accountants together will tell you that in terms of asset management, it's just one piece of the puzzle.

So we've got some extra steps to take, and we're certainly

working with the sector on doing pilot projects. We've done some in Dalmeny. We've done some in the RM of Lakeland. Russ's branch is working with his partners in the Government of BC [British Columbia] to run some more pilots. So what we're trying to do is to improve the state of the art in Saskatchewan with respect to that.

I should have mentioned in my earlier answer about the partners in this project and of course, SUMA [Saskatchewan Urban Municipalities Association] and SARM [Saskatchewan Association of Rural Municipalities] are involved on the steering committee as are the two administrator associations and the Saskatchewan Association of Northern Communities. So we have a strong representation from the municipal sector. And in addition, we have four city managers that sit on the steering committee. So we've got . . . This is kind of our standard operating practice when we work with the sector on a project of this size is we make sure that each piece of the sector is represented at the table so that they can bring their own perspectives forward and they don't have to count on anybody else to tell their story.

Hon. Mr. Hickie: — And as well, we'll let Russ Krywulak is going to be able to provide even more information for you on this whole process.

Mr. Krywulak: — Hello. My name is Russ Krywulak. What we've done under the tangible capital asset project is we provided the associations, SUMA and SARM, approximately \$450,000 to do training, a system with templates. We had workshops throughout the province. Over 750 people attended. And what this has done is provided municipalities with the groundwork to do tangible capital assets.

[22:00]

Ms. Higgins: — Okay.

Mr. Krywulak: — We've got about 90 per cent compliant right now.

Ms. Higgins: — 90 per cent? So this I would assume is kind of the first step in the process. What's next? Continuing with the kind of round table or the partners?

Mr. Comstock: — Yes. We've let two requests for proposals for two of the pieces of work already. The best practices on asset management and management and operations of municipal facilities is under way already. We're very close to being able to let the contract for some research on the financial alternatives, financing alternatives. And we're in the last stages of working on the request for proposal on the actual quantification of the gap. The notion is that we want to be able to build a model where we can plug in different variables and help us to articulate, you know, this amount of investment combined with this work on asset management combined with these financing alternatives will let these results.

So those are the three big pieces of work. Two of them are . . . One of them is well under way. The second one will be under way shortly, and we're in the last stages of writing the RFP [request for proposal]. When all of that work is done, we envision coming back to the municipal sector and the leadership

of the sector and the province and saying, here are some options. Here is a matrix, for lack of a better term, of decisions that you can make. And if you take, you know, this from column A and this from column B and this from column C, we think you'll get this result. And it'll be an opportunity for them to . . . I'll use the term science guardedly, but it will be the closest we've ever had been in Saskatchewan to actually applying some science to the notion of targeting our investment in infrastructure in a measured way.

Ms. Higgins: — So will you get down to the detail of what type of maintenance is done on assets to maintain life? Are you . . .

Mr. Comstock: — I don't think this project will get that far down into the weeds, but what we will be able to do is to give examples of other places and other jurisdictions where they have put into place for example a certain management and operations regime for water treatment plants. And then municipalities will have the option of saying, gee that looks like a good idea for our community. Let's do that.

I was in Yorkton just yesterday, talking with the city manager there, and they are investigating a system out of California that will help them to actually burn the solid waste that ordinarily would go into their landfill and generate electricity that would operate their water and waste water treatment plant. So those are the sorts of options and ideas that we've never thought about in Saskatchewan here. This particular project, we won't be able to get down in the weeds on each one of them, but we'll come up with categories and groups of things for municipalities to think about and try.

Hon. Mr. Hickie: — Can I ask or just let you know, do you want to know who's on that particular panel? Do you want to know right off the top?

Ms. Higgins: — Sure.

Hon. Mr. Hickie: — Okay. We've got of course Ministry of Municipal Affairs officials, SUMA, SARM, the Urban Municipal Administrators' Association, the Rural Municipal Administrators' Association, cities of Regina, Estevan, Saskatoon, and Yorkton are overseeing this working group. So that's the pretty comprehensive cross-section of what makes up our Saskatchewan municipal partnerships.

Ms. Higgins: — So is there any connect to the federal government or any representation from the federal government? And I guess what I'm doing, I'm going back to there was a press release, I believe in March — and I realize we've been through an election since then — but the commitment that I heard today was that the previous federal budget would be reintroduced and moved ahead. And I thought there was a commitment to develop some type of a infrastructure program with FCM [Federation of Canadian Municipalities]. Now I realize that's at a different level, and I'm not sure how something with FCM would be developed. But I mean, would there be a provincial connect or a federal connect to what's going on here anywhere along the line, or no?

Hon. Mr. Hickie: — Absolutely. Yes, that's a good question. We have, Saskatchewan recently has the honour and privilege, Municipal Affairs, of chairing a working group through Mr.

Edwards and his leadership in the Ministry of Municipal Affairs, looking at this long-term infrastructure piece. Now as I said before, we have the federal and provincial governments committing to 2014 with the current infrastructure stimulus programs which will be a part of this federal budget when they table it. Their commitments are there, just as ours are, of \$134 million in federal and provincial funding together.

So moving forward we know that there has been, now the election's done, there was some statements made by the majority Conservative government that they want to work with FCM, looking at, understanding that the big cities and the provinces have come to and through federal-provincial-territorial meetings as we did last summer in Ottawa, put forth a working paper through John's great leadership — and which I presented, had the honour of presenting — talking about maintaining the sustainable funding from the federal government.

We believe that's critical. We can't do this and the municipal sector can't do this without the federal government being part of this as well. We need their commitment to this, so we'll be lobbying on a regular basis. The officials will be talking as they have been before, moving forward. FCM will be a big component of this.

The mayor in Regina, in January put together a forum, a special symposium on long-term and infrastructure pieces for the big city mayors — and which was well received — which talked a lot about what Mr. Comstock talked about in regards to what's happening internationally. What kind of projects are being looked at? What kind of innovative technologies are being utilized, and thinking, to manage these infrastructure things? We know Australia was there speaking. I wasn't able to listen. I think you may have been there for that piece. But there's lots of different experts around the world that have done different things. And I know that from Saskatchewan's perspective and through Mr. Edwards' and John's groups, working group nationally and the FPT [federal-provincial-territorial] meetings we'll be having, we're going to keep bringing this always to the forefront.

Minister Baird at the time and then Minister Strahl were very aware of the needs. Who the new minister will be, we're not sure of course yet. But I will be ensuring that there's letters sent off upon that person being appointed, just reminding them that we have a very strong interest in being partners moving forward, that their commitment and what they've said so far is that they want to look at a long-term plan through FCM.

We also have our stake in this through the federal-provincial-territorial ministers' meetings that we have. So as you're aware of before, how these things work, so that will be maintained going forward.

Ms. Higgins: — So the 134 million that is continuing till 2014, I believe — is that what you said, 2014? — are those dollars all committed to projects or areas? Like there's nothing new for municipalities to look at or apply, or communities? That money's all committed, is it not?

Hon. Mr. Hickie: — That's correct. That's a good question though. 134 million is of course just this year's budget, so that's

what's going to be paid out this year for these projects. But going through to 2013-2014, the program is fully expensed and committed based on the applications and approvals made before. You're right.

Ms. Higgins: — Okay. Thank you very much. And I know that would be welcome news from the municipalities to know that it's moving along in infrastructure. Because I mean I think in written questions I've probably got a list of over 300 projects, infrastructure projects in communities that were turned down, if not more than that, during the building communities fund and others. I mean the infrastructure monies. So obviously the demand is out there; the need is out there.

Moving onto something else. In the revenue-sharing pool in the budget, the Communities in Transition, I believe there is money that comes off the top of revenue sharing to use for the Communities in Transition. What other off-the-top costs are deducted from the various revenue-sharing pools?

Hon. Mr. Hickie: — Thank you. The only thing that comes off the top is this Communities in Transition through the rural revenue-sharing piece. That's it.

Ms. Higgins: — And there's nothing else off the other pools of revenue-sharing money?

Hon. Mr. Hickie: — No there's not.

Ms. Higgins: — Okay. Good. Thank you very much. Also I know one that may be a little touchy in some circles. If there is any conversations or any discussion going on looking at the formulas that are used for the operating grants or revenue sharing to look at changing any of the formulas, how they're distributed or no to the pools, I know there's some, there's some comments that it's not actually true on a per capita basis. I mean there is other factors that are taken into consideration.

Hon. Mr. Hickie: — Thank you, Mr. Chair. Thank you for the question. We know there's three separate pools . . . four, sorry. There's four. But when they were consulted with initially on how to do the breakdown, the initial breakdown of formula and the distribution, from that each working group then discussed with Municipal Affairs about how to distribute the funds through the groups. And I'll let Keith get into more detail for each one of those groups on the formulas and how they worked out. And we know that after the 2011 census there will be more discussions moving forward as to formula redistribution, but Keith will answer that.

Mr. Comstock: — Thanks. And I'm sorry, Mr. Chairman, I didn't say my name the last time. It's Keith Comstock.

There are four pools in the revenue sharing program — small urban, for towns and villages; cities; northern; and rural. Each one of those pools has an allocation of dollars and a different way of distributing it.

The formulas that are used within the pools are regularly reviewed by the sector, the pieces of the sector that concern them. And this year the changes to the rural revenue-sharing pool were ones that were requested by SARM and that we're implementing this year. The urban revenue-sharing pool for

small urbans is distributed with a base grant of, if I remember correctly, \$2,025 per municipality and then a per capita amount, whatever the pool is, less the 20, 25 times however many municipalities is in the pool.

Cities distribute their pools straight per capita. And the North has a distribution formula based on the actual costs incurred by each municipality in operating certain key aspects of their operation. So the cost of their administrator, the cost of their municipal buildings and their formulas is a little more complicated than the others. So that's one piece of the puzzle. The second piece that folks need to be aware of is that when the census data that is being collected now is out in 2012, there's a commitment. We have a legislative commitment to look again at how the total dollars in the program are allocated amongst the pools.

So there may be some shifts, there may not be some shifts. But part of the, one of the important aspects of the program is that there is a regular review of how the pools are allocated each year after the census . . . five years after the census comes out.

Ms. Higgins: — Thank you very much. The northern capital grants program, is that there, I guess, because of the lack of a tax base in northern Saskatchewan to assist with services?

Hon. Mr. Hickie: — I'll start off with . . . as everyone knows Russ is leaving in a little while, so we're just trying to figure out who is going to answer the question; who is going to be accountable for it after? So we want Russ to answer it, but he won't. So I say that just in all joking. Russ is a great asset. And one thing about the capital question you're asking about the North, it's a very unique circumstance up there. And you are partially correct on the issue that of course the North has got unique circumstances in regards to population base and distribution of its towns and villages and such. And Keith will go into a little more detail as to how the money is there, how it gets there, and how it's utilized for what.

Mr. Comstock: — Yes, I don't want to go too far down into the workings of the program if that's not what your interest is, but essentially you're correct. The northern capital grants program was put into place because of the small tax base, the relatively large needs, and the fact that many northern communities weren't able to compete on a level playing field, for lack of a better term, with communities in the South.

So that allocation was set aside and is distributed by the Northern Municipal Trust Account Management Board, and they work with the communities there to work on water and sewer projects or whatever else has to happen in the North.

Ms. Higgins: — Has the Ministry of Municipal Affairs had any requirement to meet the Premier's mandate of reducing the civil service by 4 per cent per year over four years?

Hon. Mr. Hickie: — Lean initiative you're talking about?

Ms. Higgins: — Pardon me?

Hon. Mr. Hickie: — The lean initiative are you talking about?

Ms. Higgins: — Well no, it depends who you talk to. I'm

talking more about reducing your civil service by 4 per cent is more of a FTE [full-time equivalent] issue. When you talk to some departments they say lean doesn't have anything to do with staffing. It's processes but . . .

Hon. Mr. Hickie: — Thank you. Sure. We'll let the deputy minister, the deputy minister will answer that question because it falls under his responsibility.

Mr. Isman: — Thank you very much. Van Isman. We've put in place a workforce adjustment strategy targeting not 4 per cent per year, but over the course of a four-year period, we're looking at a total of 15 per cent through attrition and through ensuring that we're going through a series of exercises such as core service reviews and the like to make sure that we're delivering the right services.

At the outset of this process, somewhat in anticipation of it coming on, we had a number of vacancies in the ministry and so it was relatively easy for us to initially adjust to the initial movement that we are working towards. The key thing here is to ensure that we're doing this without a reduction in service levels, and so far we've been successful.

Ms. Higgins: — Of the 134.8 FTEs listed in the budget this year, how many are vacant?

Mr. Isman: — We had allocated and we had held two positions vacant that became vacant through attrition purposes close to the end of the '10-11 fiscal year in order to hit our target for '11-12. So we've already achieved our target for the year.

There are some other vacancies and through the normal course of doing business, we continue to staff key positions and ensure that we're being able to be geared up to deliver services appropriately.

My colleague is just going through the org chart right now to take a look with regards to vacancies at this point in time. And as I'm sure you're aware, as is the case in virtually all ministries, there's always a little bit of flux going on in terms of some people leaving and some people coming on. Marj is just doing that assessment at the moment.

Ms. Higgins: — One of the questions that we've been asking all of the ministries is if there is any unfunded liabilities carried by the ministry itself. So it would be . . . no? Contracts with third parties or anything that wouldn't show would be off the balance sheet?

Hon. Mr. Hickie: — Thanks for the question. No. What you see in the budget is what you get. There's no unfunded liabilities in MA [Municipal Affairs], no.

Ms. Higgins: — Good, thank you very much. I think we may be at the end. I was trying to think of a question for Russ, but I can't think of exactly where you are. You could probably tell me about your project with British Columbia. But right now, I don't have any questions, not unless my colleague does.

I do want to say to Russ, happy retirement. I think you've been a valued member of the civil service in Saskatchewan for many years — for a few years, let's just leave it at that, for a few

years. And I know, I'm sure the minister now, but I know on behalf of my colleagues, we always appreciated the work that you did and the professionalism that you brought to the department that you worked in. So best wishes for retirement and happy trails ahead of you wherever they take you. Hopefully you stay in Saskatchewan, though.

But, Mr. Chair, I want to thank the minister for the questions. I don't have any others. And I want to thank the officials very much for being here this evening to answer questions. Thank you.

Hon. Mr. Hickie: — Thank you. And I guess, I'm not sure, Mr. Chair, if you want to continue or not. We're . . . [inaudible interjection] . . . Not going to vote it off. Okay. Well I guess we're here till 10:45 unless . . .

The Chair: — Ms. Higgins, thank you. You're not ready to vote it off though?

Ms. Higgins: — Well we hadn't been on any of the others, so I would assume we were doing them at the end in a bunch. Sorry, I don't know. That's just the way we've done the others.

The Chair: — Well if you discuss it with the House Leader, take up a couple of things. It was his idea to start late. Is there questions from the committee? Yes, Mr. Elhard.

Mr. Elhard: — One of the things we hear about pretty consistently is the demand for public transportation, whether or not it is used and utilized to its fullest extent, whether it's a successful public investment, and so forth. We do, through Municipal Affairs, fund paratransit operations in the province, and I'd like the ministry to provide us a summary of how extensive the paratransit operations are in the province and how successful they've been and/or limitations that need to be addressed.

Hon. Mr. Hickie: — Thank you, Mr. Chair. Thank you for the question. I'll definitely pass this off to my official, Kyle Toffan, to answer as it's much more complex than even I'm aware of as the minister right now how it breaks down for municipalities and the demand levels.

Mr. Toffan: — Thank you, Kyle Toffan. We do have a paratransit program. It's called the transit for disabilities program. Basically the way the program works is we provide operating and capital assistance. The budget this year is 3.212 million. We received an increase this year of 11 . . . or 10 per cent, sorry; \$275,000 of that 3.212 million goes to capital for the purchase of five buses at \$55,000 a maximum per bus. There are 75 communities I believe right now taking advantage of the program — actually 74 now — and they get different operating grants based on the amount of trips that they take in the prior year.

So for example, we have the cities of Regina and Saskatoon take the lion's share of the pool, Regina being over \$1 million of the pool and Saskatoon being probably around 800,000 this year. The calculations aren't quite finished yet, but we're close. And we do get inquiries from time to time from communities to be considered as additions to the program, and I guess we haven't added any new communities for quite some time.

Mr. Elhard: — What is the cost to a user to take advantage of paratransit?

Hon. Mr. Hickie: — Thank you for the question. The individual fees for service for ridership are established through bylaw by the respective municipalities that utilize or have the service in place. Now in some cases, third party operators charge for those services, but they're also required through the bylaw to charge only what's allowed by the municipality. So in those cases they could vary from municipality to municipality. Cities and towns have different service fees.

Mr. Elhard: — So the fees are not obviously cost recovery. They are heavily subsidized because of this program. Can you give us a range of what the fees might be from the 74 communities that are part of the program?

Hon. Mr. Hickie: — That's a good question. We don't track that as a ministry. But they're kept at a minimum because of course recognizing the group that's utilizing the service of course is from a lower income status most of the time. But we do know that there is some subsidization for sure, and if I'm not mistaken it's Social Services that subsidizes that ridership to communities, I believe. I may be wrong with that. But if you want the exact numbers, we can try to pool that for you.

Mr. Elhard: — Well I would appreciate that kind of information. This particular topic came to my attention as a result of a constituent who came to visit me a week ago, who was talking about the cost of living associated with or impacting the disabled community in the province. She's a member of that community and she wanted to know what I personally, as her representative, was doing to advance issues of concern to her.

And one of the things that she raised was her ability to get around. She moved from a larger centre to a small centre because she had family members there that could offer her transit assistance. But if she was in a community where she didn't have family, for instance, how readily would paratransit services be available to her, was her question. And I guess that's the question I'm asking here. I hear that there's 74 communities that offer the service. The lion's share go to the two largest communities in the province. What's available for those mid- and small-size communities and how would people, who would best be patrons of that service, utilize it?

[22:30]

Hon. Mr. Hickie: — Thanks for the question. The individual communities will be the ones who will decide for the number of transit buses and operators and such. But the last year's budget was a 10 per cent lift. This year's budget's a 10 per cent lift, recognizing from these communities that there is increased ridership.

Now the communities do their own needs- assessment-based evaluation as to ridership numbers and how to best serve their community. I do know that there is — I can speak of Prince Albert — that there is a high need. And the city and the transit program does its best to be available at all times for the riders throughout the day. There is some waits for sure, but the demands on the service that we're hearing about is why we're

raising this 10 per cent every year in the last two years to meet the demands.

Now the cities and the communities also put their own dollars in as well because they recognize they have a responsibility to service their ratepayers and their taxpayers as well. So again it's a partnership, stakeholder, government-to-government relationships, trying to ensure that this particular group that we're seeing much more engaged in the economy I might say than before, with the growing economics and the economies that we see in Saskatchewan — opportunities like no other time for them to engage in the workforce — we're hearing that as a big demand.

A lot of them are in fact engaged in different activities that require shift work, where they work at 7 o'clock in the morning or 3 o'clock in the afternoon, come home late at night at 11. So there's a lot of . . . The communities that I've spoken with, they in fact recognize this need to expand their service and to be efficient with it, but also to understand that they have demands placed on them. They do the best they possibly can, hence the ongoing consultations with MA to ensure that we can provide lifts moving forward as required for capital such as these new buses. And to look at the subsidization rates to ensure that they're funded properly moving on so they keep the ridership payments down as far as possible, as low as possible.

Mr. Elhard: — You probably indicated earlier on in this discussion how this whole program began. But if I had a community in my constituency that felt the need to provide this type of service, how would they . . . The need assessment has been undertaken, they may have identified a certain amount of money that they can put in to a van that's properly equipped for use in their community. What would be the next step there? Do they talk to your ministry about participating? Is there a role for Social Services in this decision? Is it a three-way partnership? Can you elaborate on exactly how a community would access the program that exists now?

Hon. Mr. Hickie: — Certainly. I'm going to pass off to the deputy minister for this one because it's complex, but it's also one that comes up time to time when communities are looking at this needs-based and how they can implement programs for the communities.

Mr. Isman: — Thank you for the question. This is one of those that, you know, we've seen pretty significant increments each of the last two years, but there's a huge, huge demand out there. There are certainly a number of communities that have contacted us and we have, if you will, a bit of a waiting list of I believe it's 18 communities that would like to start to participate in the program. And that's one of the things that we will be looking forward to in the future, is expanding the program, not just in terms of the number of dollars that are allocated to it, but in addition to that looking at how we can incorporate the needs from additional communities.

Mr. Elhard: — What's the average cost of a van of this nature? Are we looking at \$100,000 properly equipped?

Hon. Mr. Hickie: — Thanks for the question. Actually in the information that I have is the capital grant is up to 75 per cent of the eligible vehicle cost to a maximum of \$55,000. So that's

the max we will pay is 55,000. But some vehicles may be a little less expensive, may be, for whatever reason, smaller, so it would be 75 per cent of the eligible cost up to that maximum. So I'm not very good at math at this time of night so I'll let the other individuals think that one out.

Mr. Elhard: — So once you've made that contribution and the service is established, then on an ongoing basis do communities apply for operational assistance, or is that operational assistance established for a working program and incremental increases are provided according to the budget provision?

Hon. Mr. Hickie: — I'll let Kyle Toffan answer that one because it's under his responsibility.

Mr. Toffan: — Yes, it's Kyle Toffan. Basically there is an annual application process where they give us information on the ridership numbers for the year prior so that we can base their grant on something. So they do have to give us some information. It serves as a reporting process too, so we get what we need to show the auditor that they have fulfilled their regulatory requirements.

Another thing that we use the ridership amounts for is to determine or to, I guess, look at what the size or the length of the trip is in each community. So for example, Regina and Saskatoon typically have very long trips whereas maybe, you know, a place like Melfort would be smaller trips and so on and so forth. So we do give more grant for the size of the trip as well, which is why Regina and Saskatoon are heavily weighted on the amount of funding they receive.

Mr. Elhard: — Are there any other factors that go into that consideration? Because I can imagine each community being a little bit different. You track ridership numbers. Do we look at . . . You indicated that you look at sort of the length of the trip, but is it per van or is it per capita, you know, sort of on the size of the population of any given community? What other factors may be considered?

Mr. Toffan: — The main factor is usage. How many trips they take in a year, in a fiscal year, I guess, in our case. So that's the main determining factor. To go back to your other question on the costs of the bus and that type of thing, we have some communities that don't even use the \$55,000 grant because the cost of the bus might only be \$55,000 so we'll give them 75 per cent of that cost. So then we might be able to fund, you know, five and a half buses or six buses type of thing. Some are over \$100,000 in Regina and Saskatoon — some of the buses that you see driving on the roads — and so they're a little more expensive because they have more features and they're bigger and that type of thing.

Mr. Elhard: — To qualify for the program and the funding available, are minimum standards required in terms of equipment on these individual buses? And do you cover the cost of equipment if it's a top-up on a purchase of a van?

Mr. Toffan: — Basically as soon as communities are eligible for an operating grant, they're also eligible to receive capital grants. There are regulations that state what the bus should have as minimum requirements, and we do ensure that when we do pay capital grants, that they're meeting those minimum

requirements.

Mr. Elhard: — Can you identify the smallest community that has access to this program?

Mr. Toffan: — On a population base, I don't have the population figures, but as a proportion of the amount of grant they receive based on the amount of trips they've taken, it's Birch Hills. In 2010 the numbers we had was they took 15 trips in a year, so they got total operating grant of \$33 last year.

Mr. Elhard: — That's a pretty small, maybe meagre amount would be a better way to describe that. So that should be inducement to lots of small communities getting involved in . . . Well maybe it's not an inducement. Maybe it's a non-inducement for small communities to get involved.

But I guess my line of questioning is really based on the growing need and the premise that those with physical limitations of some sort require opportunities to be fully exposed to the societal opportunities and that those people with those limitations don't reside only in larger urban areas. And we're seeing more and more movement to smaller communities where in fact transportation services are even more urgent in some ways because of the limitations of public transit generally in these smaller communities.

So I guess basically where I would like to stand on this, given the interest of my own constituent and the issue raised by her, is raising awareness about the capabilities of this program, and those small communities that may not be aware of it getting in line as part of the application process. Because the sooner they do — I take it with 18 already in line — the sooner others get in line, the sooner they'll be able to provide those types of services in their home community.

Hon. Mr. Hickie: — Absolutely, yes. And it helps us make the case that we need to. At every budget year, we can ask for a lift to facilitate this. I mean one argument, the premise of the argument this year was ridership numbers and the engagement in the local economies across the province that was . . . So this particular grant, this lift this year of 10 per cent was going to go to these new buses.

But of course it's like everything else. We engage with the stakeholder groups, and we want to make sure that we're available to them at all times. And I know that there's communities out there that may have in fact that question. Maybe in your case with your constituent and maybe in a smaller community, they might want to know. Definitely call Municipal Affairs, and we can talk to the civic leadership there. Because I would think that a lot of these individuals would be approaching their local government first, asking what's going on; what's in place; are you prepared to look at this? Because it's a partnership moving forward. But we're seeing more needs throughout the province than ever before.

Population's increasing as well. There's also a component of elderly people who are needing this service as well to get around, to go to the store, to see their loved ones. And it's one of those issues where it's one of those I'll call it a damn right idea. We have to fund those programs. We want to keep on funding those programs. And as a government that's

progressive and looking at engaging everybody and not leaving anybody behind, we want to make sure that they're there for us too, and we're going to be there for them.

Mr. Elhard: — Employment opportunities and employment demands are growing as well. And this is an avenue which might make it easier for people to benefit from those employment opportunities. And so I guess I have one final question, and it was spawned by my seatmate here. If you've got 15 riders in a year, you're probably not offering scheduled ridership. But in the large urban areas, are handivans of this variety scheduled? Are they always provided on an on-call basis?

Hon. Mr. Hickie: — It's a great question. I know that in my home community it's on call for sure. But they don't . . . They very rarely get back to the station. They're always moving around because the demand is so high. But Kyle can actually go a little deeper maybe and talk about that because I think it's an individual . . . As it's a municipal bylaw issue for funding or for the rates, it's also how they want to operate those systems. Knowing on the fact that there's increased riderships, they would probably, some cases would be on call. But I don't think you'd see much downtime for them. But Kyle, do you want to . . .

Mr. Toffan: — Yes, I know that the usage in Regina and Saskatoon is quite brisk. I'm not aware of any communities that have a scheduled service. I know that most of them are on call, if not all of them. So just, you know, somebody asks for a, you know, a ride to the hospital type thing, and the van will come.

Mr. Elhard: — Well I think this has been a valuable discussion not only for my edification but for those communities that might be considering this type of service or weren't even aware that this was available to them. And I would like to utilize the information I've gleaned here tonight to discuss opportunities with some of my own communities.

You know, my largest community in Cypress Hills is about 3,200 people and goes from there down to a much, much smaller community. But I think that the opportunities provided by this type of service to individuals who are underserved in our communities might be vital not only to their success economically but to their social inclusion as well. And I think that's an important part of our job as a government to meet the needs of the disadvantaged in those respects.

Hon. Mr. Hickie: — Absolutely. Well thank you for that point. And you know, it goes back to, just before we . . . I know we want to finish this for the night, Mr. Chair. But just in closing from my sense, we're hearing from employers that they need to engage this particular group because they see these as an untapped resource that are out there that are willing to work. They have, they're more than capable of doing numbers of things that . . . Just a lot of them have trouble getting to the work site. We've heard that.

So I know that it's a good thing to have in this province, finally to have a situation where you have . . . The demands of the employers are to get as many employees as they can, and we can do everything we can to ensure that these people with limited mobility get a chance to get to these opportunities. And

of course then that gives them quality of life issues that they don't see themselves as a burden on the system; they see themselves as engaged in the system.

[22:45]

So I want to thank the officials. I want to thank the committee members this evening for the questions. And again I want to also echo for Mr. Krywulak back there, Russ, that it's been many years of service. I've had a great pleasure of knowing him since June, and I think he's probably had an amazing impact upon the province of Saskatchewan throughout his long stewardship of working with many ministers, many elected officials over the years. So thank you for the night.

The Chair: — Well thank you, Mr. Minister, and thank you to your officials and especially to the committee members. And, Mr. Krywulak, congratulations to you. Best of luck on your retirement. So thank you again, and this committee now stands adjourned.

[The committee adjourned at 22:46.]