



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. Doyle Vermette, Deputy Chair
Cumberland

Mr. D.F. (Yogi) Huyghebaert
Wood River

Mr. Russ Marchuk
Regina Douglas Park

Mr. Kevin Phillips
Melfort

Mr. Warren Steinley
Regina Walsh Acres

Mr. Corey Tochor
Saskatoon Eastview

[The committee met at 15:00.]

The Chair: — Welcome to the Standing Committee on Intergovernmental Affairs and Justice. My name is Warren Michelson. I am the Chair of the committee and I welcome other committee members. Doyle Vermette is the Deputy Chair. Yogi Huyghebaert, Russ Marchuk, Kevin Phillips, Warren Steinley, Corey Tochor. Today we have a substitution for Doyle Vermette. Welcome, John Nilson.

Before we get started with our regular agenda, we have a document that needs to be tabled. IAJ 12/21, the Minister of Government Relations' responses to questions raised at the December 2nd, 2013 meeting of the committee re estimated value of outstanding claims, PDAP [provincial disaster assistance program], dated March 18, 2014. We'll consider that as tabled.

The Chair advises the committee that pursuant to rule 148(1), the estimates and supplementary estimates for the following ministries and agencies were deemed referred to the committee on March 27th, 2014 and March 19th, 2014 respectively: vote 13, Central Services; vote 195, change to advances in revolving funds; vote 175, debt redemption; vote 18, Finance; vote 12, Finance — debt servicing; vote 177, interest on gross debt — Crown enterprise share; vote 151, Municipal Financing Corporation of Saskatchewan; vote 33, Public Service Commission; vote 142, Saskatchewan Liquor and Gaming; vote 152, Saskatchewan Power Corporation; vote 153, Saskatchewan Telecommunications Holding Corporation; vote 140, Saskatchewan Water Corporation; vote 150, SaskEnergy Inc.; vote 176, sinking fund payments — government share.

If everyone is in agreement, we will proceed with the agenda as planned.

Some Hon. Members: — Agreed.

The Chair: — That's agreed.

Bill No. 120 — *The Lobbyists Act*

Clause 1

The Chair: — On our agenda today is the consideration of Bill 120, *The Lobbyists Act*. We will now consider Bill No. 120, *The Lobbyists Act*. We will start with clause 1, short title and, Mr. Minister, if you want to introduce your officials and have opening remarks, please proceed.

Hon. Mr. Wyant: — Thank you very much, Mr. Chair. With me today, Darcy McGovern, Q.C. [Queen's Counsel], director of Legislative Services, and Jeffrey Crawford, Crown counsel from Legislative Services.

Mr. Chairman, on December 7, 2011, the Legislative Assembly passed a motion to refer the issue of lobbyist legislation to the Standing Committee on Intergovernmental Affairs and Justice for review and to report back to the Legislative Assembly.

This standing committee was tasked with making recommendations on the legislative model for new legislation in

Saskatchewan that will ensure that the public is informed and aware of who is lobbying public office-holders in Saskatchewan while ensuring that free and open access to government decision makers is not unduly impeded.

On May 16, 2012, the committee tabled a majority report with a minority opinion. While there was considerable consensus around preparing an Act largely based on Alberta and British Columbia, further consultation with stakeholder groups were considered desirable prior to introducing a bill. Mr. Chair, this bill is based on the recommendations of this committee as well as further consultations with stakeholders conducted with respect to the proposal.

This bill will do a number of things. It will establish types of lobbyists. It will create registration requirements for lobbyists. It will establish reporting requirements including filing deadlines for lobbyists. It will appoint a registrar as an independent officer of the Assembly to oversee the Act and investigate complaints and offences. It will authorize administrative penalties by the registrar. It will restrict lobbying by former public office-holders. It will create a public registry. It will create exemptions from the operation of the Act and it will create offence provisions for failure to comply with the Act.

The additional consultations have resulted in changes from the committee's report that would exempt local authorities including universities, Saskatchewan Urban Municipalities Association, the Saskatchewan Association of Rural Municipalities, and the Saskatchewan School Boards Association from the operations of the Act. It will provide in the regulations that in calculating whether the 100-hour threshold for lobbyist registration has been met, travel time and preparation time as well as time spent communicating will be included. It will make adjustments to the post-employment restrictions for cabinet ministers to continue the restrictions already in place in *The Members' Conflict of Interest Act*. It will restrict employees from the ministry of Executive Council or the Office of the Premier from lobbying any ministry of government rather than just the ministry they were formally employed with, and exclude constituency office staff and administrative staff from the post-employment restrictions for former public office-holders.

Mr. Chair, we listened carefully to the universities and agreed with their representations that they're already meeting accountability standards. Like municipalities, school boards, and health regions, the public expects that post-secondary institutions like the University of Saskatchewan, the University of Regina, and SIAST [Saskatchewan Institute of Applied Science and Technology] are communicating with government, which is their primary funder. This interaction is predictable and already subject to extensive reporting requirements under existing legislation that governs post-secondary institutions such as *The University of Saskatchewan Act* and under *The Local Authority Freedom of Information and Protection of Privacy Act*.

The private sector has nothing like this level of statutory mandated disclosure. Unlike British Columbia and Alberta, we have exempted universities from the scope of the Act. SUMA

[Saskatchewan Urban Municipalities Association] and SARM [Saskatchewan Association of Rural Municipalities] are also exempt because they exclusively represent the interests of municipalities. Since these municipalities are themselves exempt, it makes sense to exempt SUMA and SARM. Similarly the SSBA [Saskatchewan School Boards Association] is exempt because it exclusively represents the interests of exempt school boards. It simply makes sense to recognize how these exempt entities have organized themselves for communicating with the provincial government.

I would note that these exemptions only apply to officers, directors, and employees of SUMA, SARM, and the SSBA. If any of those organizations hire a consultant lobbyist, the consultant lobbyist would be required to register and file a return detailing his or her communications with government.

Mr. Chair, this bill reflects a focus on private sector and paid lobbying activities. That is where the risk of influence is most acute and where there is currently limited public disclosure. When this matter was first referred to this committee, it was noted that free and open access to government decision makers is an important matter of public interest. Lobbying public office-holders is a legitimate activity when it is conducted appropriately.

I would like to thank the committee for the excellent work that they have done in completing their report. I believe this bill strikes the appropriate careful balance between allowing continued access to public office-holders, while ensuring that such paid lobbying activity is routinely disclosed to the public to ensure transparency and accountability. With that, Mr. Chair, I am certainly happy to answer any questions that any of the committee members may have.

The Chair: — Thank you, Minister Wyant, and welcome to your officials. Just a reminder to the officials, if in the event you're answering questions, please identify yourself for Hansard. We'll open the floor for questions. The Chair will recognize Mr. Nilson.

Mr. Nilson: — Thank you very much, Mr. Chair, and thank you to the minister and officials for providing that overview. This is a bit of an interesting time because you're presenting your response to the committee that actually did a lot of work to give you an opinion. And so I think you've spelled out the places where you've come to slightly a different perspective than the committee did in their work, but I think it is important to try to understand some of the provisions. I think you said that it primarily relates to private corporations and individuals who are doing their work. And with all the exemptions that you have in section 4 interplaying back into the definitions, it's almost the question is, well who does this apply to? Can you give us some examples of who it applies to?

Hon. Mr. Wyant: — Well the primary focus of the legislation is to deal with paid lobbyists, those people who are paid to lobby government for profit. That's where the focus is. Certainly in the legislation there are exemptions, the exemptions which we considered to be appropriate given the report and given our further consultations. But the emphasis I think needs to be clear that the emphasis of the bill really is around paid lobbyists and those that get paid to . . . in their

attempts to influence public policy.

Mr. Nilson: — And so when you refer to paid lobbyists, you are referring to somebody who is an independent actor or agent that is hired by a company to actually do the lobbying, or are you referring to the people who work within a company or other organization and get paid and are doing the lobbying?

Hon. Mr. Wyant: — Well the legislation draws a distinction between consultant lobbyists who are lobbyists that get retained by organizations to lobby government specifically which is their business, and the distinction between that and in-house lobbyists who for their particular organization or their particular entity lobby government. So that's the distinction.

Mr. Nilson: — How many consultant lobbyist firms are there in Saskatchewan?

Hon. Mr. Wyant: — I don't have the answer to how many organizations are paid lobbyists in Saskatchewan. Certainly we will have the answer to that once this legislation comes into place because those organizations will need to register.

Mr. Nilson: — Okay, but people who are working as lobbyists within an organization probably won't have to register. Is that how I read this?

Hon. Mr. Wyant: — No, there will need to be a registration. There is a registration requirement for in-house lobbyists once they meet the threshold of the 100 hours. So that's the threshold for the in-house lobbyists.

Mr. Nilson: — And you took the threshold without the travel hours or with the travel hours here? I think . . .

Hon. Mr. Wyant: — The initial report that was filed, that was tabled with the legislature, the majority report did not include travel or preparation time. That was something that was included in the minority report that was tabled as part of the majority report. And we took the position of the minority report, that travel and preparation time should be included in that number.

Mr. Nilson: — I thank you for that, because it's obviously something that people will have to report and work with. The people who are involved with organizations, and I know to follow the sections in the legislation, it's a bit complicated to actually go back and forth, to show who is exempt. But basically if you take 4(1)(i) and then go back and look at the definitions in section 2(1)(m)(v), you can effectively show that, you know, lots of people who work for charitable organizations are exempt. Would that be an accurate reading of that?

Hon. Mr. Wyant: — That's correct.

Mr. Nilson: — Are all people who would do lobbying for charitable organizations exempt, or like, where . . . how does that definition work? Because there, you know, sometimes people will do lobbying or fundraising on a share of the money raised. Are those kinds of people caught in any of these rules?

Hon. Mr. Wyant: — I'll let Mr. McGovern answer that question.

Mr. McGovern: — In terms of the legislation, the member's correct in making the reference to clause 2(m)(v) as the cross-reference from 4 where it refers to non-profit organizations, associations, society.

So if you're acting in your official capacity for a charity in that context, then you wouldn't be covered by the Act. I think what you were speaking to more broadly though, and this might touch on something that we touched on previously in this committee, that if a charity uses a consultant lobbyist, if they hire a consultant lobbyist who then lobbies a member of government, that consultant lobbyist is covered. And that consultant lobbyist will have to register specifically to say the purpose for which they're doing it, and in other words comply with the Act.

So if they're hiring that third party, then they're going to be covered. If they're . . . and if it's a company that hires itself out to be a . . . [inaudible] . . . *The Charitable Fund-raising Businesses Act*. If you're one of those businesses and you're working for that business in consulting, again you're one step away from the charity that's exempt. So when they start to go into that sort of engaging businesses to act on their behalf, those businesses would be caught.

[15:15]

Mr. Nilson: — And so, well and that whole world then is covered if people are actually in the business of making money to do both the lobbying, and then I guess the fundraising part is covered under the other legislation.

Mr. McGovern: — That's right. Once you've taken that extra step away from being the charity itself.

Mr. Nilson: — So, okay. How does it apply to lawyers being advocates for their client? Are they covered? Do they need to be registered or what's going to happen there?

Hon. Mr. Wyant: — Yes, they would need to be registered, but then again it depends on the topic. It depends on the topic which they're communicating with elected officials.

Mr. Nilson: — So would it be safer if you're a lawyer to get registered just in case you might breach this law, or is it safer to stay away from it and argue it doesn't apply?

Mr. McGovern: — And a lot depends on your practice. We're certainly not going to suggest all lawyers should be signing up as registrars. And as the minister mentions, if you look at 4(2) for example, it has provisions that provide that the Act doesn't apply with respect to a submission made regarding the enforcement and interpretation of an Act to a particular organization. So that's, if you think of what a lawyer may be doing, that very much might be what they're doing on behalf of their client in terms of talking about that or where a consultation is initiated by a public officer in clause (c).

However if, you know, and as the member well knows, you do have lawyers who are very much in the business of acting as consultants, who have relationships with particular MLAs [Member of the Legislative Assembly] and who offer that as a field of expertise, they would be covered. And they should

register.

Mr. Nilson: — And I know, recently I was in the state of Iowa and the lobbyists there, the most highly paid ones were the lawyers who were lobbying and actually did both sides of the legal work and the lobbying. And so clearly they would be covered.

Hon. Mr. Wyant: — Yes. Again, if they're being paid, I mean the basic premise is that if they're being paid to lobby, then they're consultant lobbyists and they need to register.

Mr. Nilson: — So the rules then about where the lobby takes place, that's basically anywhere, right? It can happen within the province or without the province. Or are there rules around where the lobbying takes place?

Hon. Mr. Wyant: — There's no geographic restriction as to where it can or can't take place. If a public official is being lobbied, whether it's in Saskatchewan or outside Saskatchewan, that would constitute lobbying and would require registration and reports to be filed.

Mr. Nilson: — And so basically what happens if a company is concerned about what's happening in Saskatchewan, but they never actually ever come here and meet with officials or others in Calgary or in Washington or wherever they would meet? Like are they to be covered by this legislation, or how does that work?

Hon. Mr. Wyant: — Well perhaps I'll put it this way. Certainly we have no ability to enforce this legislation outside the province. What it will affect is lobbyists who are lobbying elected officials in Saskatchewan. If they are Saskatchewan residents, the fact that they may be lobbying outside the province still means the legislation is going to apply to them.

But for instance, I'll give an example of someone who has no connection to the province, who is lobbying a public official in Saskatchewan. It would be very difficult to enforce the legislation. That said, there will be legislation in those other provinces that may well require, or those jurisdictions may well require registration and reporting to happen in those jurisdictions. But I won't comment particularly any more on that.

But suffice it to say that if a public office holder in Saskatchewan is being lobbied, there is a requirement to register and file the appropriate reports in this province.

Mr. Nilson: — Okay, but there is a question then about lobbying that takes place outside the province. And the reason I ask that question is, I know there are many of our senior officials and ministers and Premier and others that travel to various places and, I guess from my experience, it sure didn't prevent people from lobbying you about issues even though the people had never ever set foot in Saskatchewan. They were concerned about decisions that were made here that affected value of a stock in their company or some other kinds of issues. So that's why I'm asking that question. Do you have any comments on that?

Mr. McGovern: — And to a certain degree, I think the

lawyer's answer of course is that, you know, the provincial Act can't have an extraterritorial effect. So I think the plain answer is to say that this Act does as much as it can.

If you as a member, as a public office-holder, are on a plane going from England to Norway, and you happen to be sitting by someone next to you who's a consultant, that's a tough relationship for us to say that the guy sitting in 12B should register in Saskatchewan before he talks to John Nilson on the plane. And that's going to be true of any lobbyist legislation in any jurisdiction. You'd need to be able . . . You deal with what territorially you are able to manage in front of you. And I think that's certainly what this Act does.

Mr. Nilson: — Is there any obligation on the person who is being lobbied to report that somebody is lobbying them?

Mr. McGovern: — Not under the terms of the Act, no. *The Members' Conflict of Interest Act* of course applies to all members and always will in terms of how they make decisions. That's the provision . . . That's the Act that applies to members and how they conduct themselves with respect to third parties. This is the Act that applies to lobbyists and how they have to register in Saskatchewan.

Mr. Nilson: — But there is no trigger then from a person saying, I've been lobbied by somebody incessantly?

Hon. Mr. Wyant: — There's no obligation on the part of someone being lobbied. However one might want to be prudent about that kind of thing. And if you are being lobbied extensively by a particular party and you may have some suspicions that they're not registered, certainly that may be something that you want to think about and have a discussion with the registrar about if you thought that that was happening, if there was some improper lobbying going on with somebody that wasn't registered.

Mr. Nilson: — And the registry will be such that anybody can just look it up on the Internet as well? Is that correct?

Hon. Mr. Wyant: — There will be a public registry that people can access. It'll be open to the public, you bet.

Mr. Nilson: — Okay. I'm just asking a few questions here to figure out where this applies. Now I see you've included an exemption for First Nations and for Métis and for FSIN [Federation of Saskatchewan Indian Nations]. I mean that looks logical that that's there. Is that because they're similar to the other regional governments or are you looking at some of the constitutional issues around how legislation affects individuals?

Hon. Mr. Wyant: — Well certainly they're quasi-governmental in some way. But those would be groups that we would expect that would be lobbying the government. And there'd be no surprise that those groups would be lobbying the government on a constant basis too, and their representative groups representing, you know, groups within their organizations much the same way that SARM and SUMA represent their . . .

Mr. Nilson: — Okay. Well I think, I mean we obviously have tried hard to get comprehensive definitions here of who it

applies to. And so I think now my colleague has some questions about some of the procedures.

Ms. Sproule: — Thank you. Thank you very much. And thank you, Mr. Chair and Mr. Minister, and your staff. I was wondering if you could walk us through sort of the process then. If I am, say, a paid lobbyist, what do I do? What will the registry look like, and when do I file? Is there some information that you could provide us with on that respect?

Hon. Mr. Wyant: — I'll let Mr. McGovern just kind of go through the technical process of it.

It should just be noted for the committee that the online registry, the process and procedures have not yet been established. We're working on those, or they'll be worked on by the registrar and the commissioner. So those haven't been quite established yet. We will certainly go through the general process as to how, you know, how that works.

If your question is in terms of timing in completing this process, certainly the registrar is in the process of establishing some processes and some protocols around that. He has to develop an online registry system, so he'll be looking at what's happening in other provinces to get the best vehicle for that. I can't comment quite on the timing as to when this will all be in place, but I can tell you that the registrar is being quite diligent about this. But perhaps I'll let Mr. McGovern just go through the process.

Mr. McGovern: — Sure. Thank you, Mr. Minister. Some of the work that we did in-house along that line as well, Mr. Chairman, and to the member — and Jeff did some good work in this regard as well — is two charts that we've worked through in our own work here in terms of determining first, you know, are you a lobbyist. You know, and that stems from the definition in 2(1)(i) where we say, are you communicating with the public office holder to influence a decision or matter or are you arranging a meeting with the public office holder and a third party. So if you're not doing that, you kick out. You're not a lobbyist.

If you are, the second question and one of the key questions in terms of how we've framed the legislation is, are you receiving payment for doing so? Are you being paid to communicate to influence a decision or are you being paid to arrange those meetings? If you're not, then you're not covered by the Act in that regard. You know, then we start to look, in terms of flowing through, you look at are you a person who fits within the definitions. Are you acting in your official capacity? For example, if you are acting as an official with the United Nations under 4(1)(j), then that's a kick-out and the Act wouldn't apply to you.

It continues to flow to ask the question, are you communicating with respect to a matter listed, in other words, the definition of lobbying. And that's a defined term within the Act, and if we look at 2(1)(i), it sets out what constitutes lobbying. So are you doing that lobbying and you're not exempt, then there's two questions there. And that's where the split would occur that we discussed previously. Am I a consultant lobbyist or am I an in-house lobbyist? And there's different criteria there. If you are paid and you're within that and you're a consultant lobbyist,

then you're covered by the Act. Consultant lobbyists don't have a secondary threshold. If you're an in-house lobbyist, then you need to determine whether or not you and the other persons within your organization who are lobbying will exceed the 100-hour threshold and therefore be subject to the Act.

So that's the chain in terms of, are you a lobbyist, in terms of the filing requirements. Similarly if we chart that out, the main difference in the filing requirements between the two, I would say, and this is consistent of course with the report of the committee, in-house lobbyists are required to file within 60 days after becoming an in-house lobbyist. You have to be registered as a lobbyist. Consultant lobbyists are expected to file their return within 10 days after entering an undertaking. So if you've entered into an agreement with XYZ corporation to lobby on their behalf, you have 10 days in which to register that interest in the filing.

[15:30]

From that point forward, they're relatively parallel in saying, after you've filed your initial return, after every six months you're required to file an update. You have 30 days in which to file the update. If there's a substantive change in the details of the return which you have filed, you have 30 days to make that change on an ongoing basis.

So in simplest terms I guess it's not a file it and forget it system. There is a requirement under the Act that if you make substantial changes to the return you filed, you have 30 days to reflect those. And in any event, every six months it will be your requirement to provide for an update on your return. And I think that's probably enough of an outline in terms of, are you a lobbyist and what are your requirements when you've determined you are a lobbyist?

Ms. Sproule: — So for consultant lobbyists, they would only file their return once and then if they have a number of clients, they would have to indicate that. And if they get more clients, they would have to update with respect to the clients that they're representing and then meet all the . . . I guess it's section 6, isn't it? So what kind of details are you asking, in particular, the consultant lobbyist to file?

Hon. Mr. Wyant: — The form and contents of the reports are detailed in section 8. It will talk about the required name and business address of the filer, whether he's a consultant lobbyist or an in-house lobbyist. And then as you go through section 8, it details the requirements of the return.

Ms. Sproule: — So this is all kind of one layer of filing. I know the federal registry has sort of two layers. There's the tombstone data that everyone has to fill out and then there's a different place that you went to to talk about the actual activities that you were undertaking. So this is all kind of in one basket. Is that correct?

Hon. Mr. Wyant: — That's correct.

Ms. Sproule: — Just one more, and I know the minister is aware of some of the concerns that we've raised in terms of section 4 and the exemptions. And I just would like for the record to get your understanding as to why you would exclude

some of these authorities. And there's a big list I guess in section 4 of a number of people who are now not included as lobbyists.

And I guess the irony here, and the minister knows that for example the government relations people at the University of Saskatchewan lobbied to not be in here. And it was . . . And not only did they lobby you, I'm aware, but they also lobbied me, which I found interesting. And I think it's sort of . . . Like when I talked to the official that was lobbying me, I said, well you know, you're a lobbyist. No, no, I'm a government relations person. And I said, that's the same thing.

And even people I talk to now are sort of concerned, well lobbying has sort of a negative connotation to it. And it's certainly I don't think anything that the government's attempting to do with this bill. It's to create a space where those kinds of activities, which are a healthy part of democracy, are actually recognized and acknowledged and made transparent.

So I know that, and I'm not sure exactly what section this is that, for example, you've decided that union activity is considered to be lobbying, but activity on the part of say, for example, the Métis Nation — Saskatchewan Secretariat is not. And I think I would like to understand maybe your idea of what the distinction is between union lobbying and lobbying by the Métis Nation or SARM or SUMA or any of the others that are excluded, or universities.

Hon. Mr. Wyant: — Perhaps I'll just start with SARM and SUMA, and we can talk a little bit about the universities. As I mentioned in my opening comments, SARM and SUMA and the School Boards Association solely represent the interests of exempt organizations. So we didn't feel that with respect to SARM and SUMA specifically that it should be a natural or should be a requirement for them to register as lobbyists on the legislation when all they're doing is representing exempt organizations.

And as well with respect to SARM and SUMA, in some cases they help deliver government programs. And so we felt that from that perspective it seemed a little redundant for them to have to report activities or communications with government where they were actually assisting government in delivering some programming. So that's why SARM and SUMA are excluded.

With respect to the universities, again in my opening comments I referred to the fact that that interaction is predictable. Post-secondary institutions have some significant reporting requirements under their legislation. And as with school boards, the majority of funding from the universities comes from the government and so that's primarily the reasons why. And as well with respect to the universities, the board of governors submit annual reports and they're open to annual audit as well, which is also tabled. So those were the preliminary reasons for having the exemptions for SARM, SUMA, the SSBA, and the university.

With respect to the unions, we followed the model, and it was presented in the majority report as well, that those organizations are not exempt under legislation in other provinces. And as I mentioned in my opening comments, we modelled this

legislation in some very specific way after the legislation in those provinces. So those are my comments with respect to the question. And I think that at the end of the day, I think the exemptions in terms of who's exempted and who's included does strike a fair balance.

Ms. Sproule: — Would you agree though that the work that's being done by SARM, SUMA, and school boards would meet the definition of lobbying but for the exemption?

Hon. Mr. Wyant: — Certainly some of the issues that they would be raising with government would fall within the definition and have the in-house lobbyist provisions applicable, save for the exemption. But you could say that with respect to any of the organizations that are exempted or the majority that are exempted under that particular section.

Ms. Sproule: — I think you certainly could, and ideally I think if this is truly to be transparent, that argument could be made to all of the exemptions. But certainly I think the major organizations in Saskatchewan that do the most of the lobbying would be the ones that are on the exemption list. And I guess, have you done any numbers in terms of the number of lobbyists you think that will actually . . . Like have you any guesses on how many will register?

Hon. Mr. Wyant: — Mr. Nilson had asked this question earlier. We don't know how many organizations will register under the legislation. We'll certainly have an idea once the legislation comes into place and we'll be able to give you that number, although you'll be able to find that online as well.

Ms. Sproule: — Okay. Thank you very much. Sorry about the duplication.

The Chair: — Mr. Nilson, have you got . . .

Mr. Nilson: — Just on some of the issues around once again people trying to figure out how they fit into this legislation. We do have it clear that if you're being lobbied, you don't have to worry about the legislation. It's only if you're the lobbyist. But if you want to help out the lobby registrar, you might, you know, let them know that there's people that are raising issues with you.

One of the questions comes here, and I think it's set out in this bill, that the amounts of money that people pay lobbyists would be available. Is that accurate? Or is that . . . How is that going to be dealt with? Because that often becomes, you know, a huge issue south of the border in the States, which is how many lobbyists does a company have and how much money are they paying?

Hon. Mr. Wyant: — There's no requirement to disclose the amount of money that's being paid or that you receive as a lobbyist under this legislation.

Mr. Nilson: — There's no obligation. Is there a possibility that it could be disclosed?

Hon. Mr. Wyant: — Well it's not specifically set out in the legislation. There is a provision of course that additional prescribed information could be added by regulation. It's not in

the current bill, and whether or not it ends up in the regulation, it's not something that we were giving any consideration to. But certainly the regulations will contain certain information as well, and requirements.

Mr. Nilson: — Okay. So that's something that's still part of the discussion possibly, but it doesn't sound like you're very much in favour of that or that it's not something that has come up yet.

Hon. Mr. Wyant: — We haven't given it any significant consideration.

Mr. Nilson: — I raise this whole area because just on March 10th, 17th, in *The Nation*, a publication from the States from The Nation Institute, they have a whole article called "The shadow lobbying complex: on paper, influence peddling has declined. In reality, it has gone underground."

And so basically we're coming in with lobbying legislation in 2014 which probably is the kind of legislation that they've had in the States for quite a few decades. And what they're finding in the States is that the numbers of lobbyists that are registered are dropping, and so they start looking around. And this enterprising reporter or researcher went around and added up the square footage I think of the various lobbying companies and compared it to their reports and said, this doesn't make a lot of sense.

And the reason I raise that is that one of the concerns about lobbyist registration legislation is that in some ways it is an incentive for people to do it in other ways. And I don't know if that's been part of the discussion or the thinking, you know, when you've been drafting the legislation to try to deal with that. Perhaps you could make a comment.

Hon. Mr. Wyant: — Well I think . . . Like this legislation is an important first step when it comes to lobbying in Saskatchewan. Before this bill was presented to the House and until it's passed, we don't have any effective legislation to deal with this particular issue. So I think this is a very, very important first step. And not to diminish some of the comments that you've made, I do think that there are some important first steps that are being taken in this legislation which will be very important. And as I say again, it's important from a balanced perspective to ensure that people have access to local decision makers but, at the same time, ensuring that the public knows who's lobbying those people with respect to public policy.

But I think this legislation is a very, very good first step in having that disclosure and having that transparency.

Mr. Nilson: — Okay. Could you explain the enforcement provisions of the legislation and what will happen to people if they breach the legislation?

Hon. Mr. Wyant: — I'll let Mr. McGovern just go through the technical aspects of the enforcement piece noting that, as I mentioned before, the registrar is still working through the processes and protocols with respect to the registration. But we'll just go through some of the details in terms of enforcement.

[15:45]

Mr. McGovern: — Thank you, Minister. There's essentially two levels that this Act provides tools for in it. And it is a significant tool box for a registrar in this context. If you looked at 17 on an educational level, section 17 provides that "The registrar may provide directions to lobbyists individually or generally with respect to the enforcement, interpretation, or application of this Act." So that's education and direction from the registrar to assist lobbyists in applying and complying with the Act in good faith.

Eighteen provides for an investigatory power. The registrar may conduct an investigation if they have reason to believe it's necessary to ensure compliance with public inquiry powers. There's a report requirement under 19 which would be tabled in the House where an investigation is undertaken. It's subsequently filed as a report with the Legislative Assembly.

Twenty, we start to get into the actual penalty clauses per se. An administrative penalty, the registrar may assess an administration penalty, maximum amount of \$25,000, with respect to contraventions of 25(1)(a), (b), (c), or (d) which, as we'll see when I get to 25, are the specific provisions regarding things like failure to file a statement, making a false statement. In other words, not complying with the responsibilities under the registry.

Twenty-one provides simply that it can be filed in Court of Queen's Bench and enforced as the judgment. If we look then at 25, in addition to these registrar-specific provisions, we have the summary offences set out in 25(1), the offences under the legislation. We have a first offence fine not more than \$25,000. Second or subsequent offence, a fine of not more than \$100,000.

And then in 25(4) where you have individuals that are failing to comply and the registrar is satisfied that it's necessary in the public interest to do so, taking into account gravity of the offence, number of previous convictions, etc., the registrar has the ability under this Act to make an order prohibiting a person who committed the offence from lobbying for a period of not more than two years from committing the offence, or from filing. And of course if you are not able to file, you are not able to lobby under the legislation.

So it's I think a fairly full tool box in terms that ranges from an initial ability of discussion and direction to work with lobbyists to comply — that's part of the education function — as well as teeth at the back end where there is failure to comply and that failure has occurred in an intentional fashion or an ongoing basis.

Mr. Nilson: — Okay, thank you. I know some of these forms of legislation have codes of conduct, and this one doesn't include a code of conduct. But it does have under that directions section, section 17, the ability to maybe create a code of conduct over a number of years based on the registrar's advice to lobbyists. Is that the intention when you talk about this being a first step, that eventually there'll be some experience here that would then be put into a code that people would know what to do?

Hon. Mr. Wyant: — Well as you'll know, the majority report that was filed or tabled with the legislature didn't recommend including a code of conduct in the legislation. But it's certainly

something that may well be considered by the commissioner, you know, as he moves forward. But certainly what we did was adopt the recommendation of the majority report when it came to the code of conduct issue.

Mr. Nilson: — So you're talking about the registrar then as the commissioner.

Hon. Mr. Wyant: — Yes.

Mr. Nilson: — Interchangeable title. Who will be the registrar? Is this going to be a full-time job? Or is it something that is part of some of these super Justice employees that I know you have that can handle about 10 different jobs?

Hon. Mr. Wyant: — Well the registrar under the Act will be the Conflict of Interest Commissioner. He'd be given the responsibility for the Act.

Mr. Nilson: — I think my colleague has some questions.

The Chair: — Ms. Sproule.

Ms. Sproule: — Thank you, Mr. Chair. A couple of questions I have in terms of the actual operations of the registry, and I know you're still working on some of the details. Let's just imagine for a second that nobody registered or that there was only one person who registered and the registrar is of the opinion that there should be other people registering. Will he have any investigative authorities or authority?

Mr. McGovern: — Section 18 of the Act specifically provides that "The registrar may conduct an investigation if the registrar has reason to believe that an investigation is necessary to ensure compliance with this Act." Subsequent to that, they have the reporting requirement. And of course I've outlined for the committee the offence provisions if someone is in fact lobbying under the definitions without properly registering.

Hon. Mr. Wyant: — It should also be noted that the commissioner will have the powers of a commissioner under *The Public Inquiries Act* as well. So he'll have some significant investigatory powers.

Ms. Sproule: — So if someone in the public was concerned and felt that somebody was lobbying and wasn't registered, I presume then they could write a complaint of some sort to the registrar. And then it would be within his discretion then whether he would investigate or not.

Hon. Mr. Wyant: — Correct.

Ms. Sproule: — I think people are going to require some education around this. I mean obviously this is something new in Saskatchewan. And will the registrar be provided with a budget to conduct and roll out an education, public relations plan for this? And how much money will that be?

Hon. Mr. Wyant: — The budget for the commissioner will be established by the Board of Internal Economy who will set that budget for him. He's been asked to provide some information to the Board of Internal Economy with respect to his assessment in terms of what it will take to run this office. As I mentioned

before, he's still in the process. And we'll start now in earnest, once the bill is passed, to begin putting in the processes and procedures and establishing the vehicle and the mechanism for having the online registry. So we will await the advice or the suggestions from the commissioner with respect to his budget. And again, that will be considered by the Board of Internal Economy.

Ms. Sproule: — Okay. Thank you. We'll certainly look for that in due course then. This may have been discussed already, but I'm just wondering about the decision to determine what the 100 hours would consist of in regulations rather than in the legislation. And I know we've talked about preparation time and travel time. I think your indication in your comments to date have been that you would include both preparation time and travel time within the 100 hours, but that's not within the legislation. It's being put in the regulatory authority. Can you explain sort of the logic? I think for the members of the public who are wondering whether they are lobbyists or not, it makes it a little more difficult to make that determination when they have to seek out not only the legislation but also the details in the regulations.

Hon. Mr. Wyant: — The commitment that we're making publicly is to include preparation time and travel time in that 100 hours. And that will be included as part of the regulations.

The Chair: — Mr. Nilson.

Mr. Nilson: — Another area I think that is dealt within the legislation, and I'm not sure how, but it relates to ministers and MLAs and staff. Can you perhaps explain what you've done? And I know you've built it on other pieces of legislation, but can you explain how these two, this legislation interplays with the conflict of interest legislation that we already have? And are there going to be any big surprises for any people in this room or who maybe work in this building? So if you can provide some explanation of that. I guess it's section 9.

Hon. Mr. Wyant: — It's contained in section 9, and I'll just, I'll go through this. Former public office-holders will be prohibited from lobbying for certain periods of time, and I'll just go through those prohibitions.

Former ministers will be prohibited from lobbying any ministry or government institution for a year. Former MLAs will be prohibited from lobbying any ministry or government institution for six months. Former employees in a minister's office are prohibited from lobbying the particular ministry or government institution that they were employed in for six months. Former employees in the Premier's office are prohibited from lobbying any ministry for six months. Former associate deputy ministers and assistant deputy ministers are prohibited from lobbying the particular ministry they served for six months.

Former permanent heads, associate deputy ministers, or assistant deputy ministers of the Office of Executive Council are prohibited from lobbying any ministry or government institution for six months. And persons that formerly held prescribed positions in government institutions are prohibited from lobbying that government institution for six months.

It should also be noted that the registrar could exempt former public office-holders from the application of those prohibitions in particular circumstances if it would be in the public interest for him to do that, but that would be a decision that he needs to make.

Mr. Nilson: — Okay. And are these changes from what we have now? Perhaps you could explain what the changes are. I think, you know, they're reasonable. I don't see any problem that way, but I think it would be helpful to know what the changes are.

Hon. Mr. Wyant: — The Act doesn't change any of the responsibilities of requirements for elected cabinet ministers, and *The Members' Conflict of Interest Act* is going to continue. Section 9 deals with the increased particular time frames with respect to particular individuals. Does that answer your question?

Mr. Nilson: — So that what's here then is an increase or a change from what's existing right now. And so there's certain people like ministerial staff and others that are included that might not have been included before.

Hon. Mr. Wyant: — That's correct.

Mr. Nilson: — Okay. And so once again it's an education part, but I think you can do that within government obviously to make sure people know what these rules are. And if I'm reading this correctly, if a person had served as a deputy minister and then gone into some other job, it's basically six months from the end of their job as a deputy minister as opposed to the other job. Is that correct? Or is it six months from the end of employment with the provincial government?

Mr. McGovern: — The way the Act would ordinarily apply is that once they have left the position, it's from the position that the clock would count. The other aspect of that is that you have a prohibition for the periods that the minister has outlined, but you continue to have to disclose that you were a public office-holder in your return on an ongoing basis. So that's the second part of that process, where you say that for example a deputy minister that you've used, the deputy minister would be prohibited for a six-month period from lobbying the ministry which he or she previously headed up. And then after that six months, if they're in the business of lobbying, either in the in-house disclosure or in the consultant disclosure you would say, I'm a former public office-holder as a deputy minister of XYZ.

Mr. Nilson: — Okay. So there aren't things that will trip people up then is basically what you're saying. It's pretty straightforward, but there are some actual rules now for quite a few more employees than there were before.

Hon. Mr. Wyant: — We'll need to understand what the rules are and certainly there is an education component to this legislation for people involved in government. You bet.

Mr. Nilson: — And there's discretionary override from the registrar, so that provides for any of those special circumstances when they arise.

Well, Mr. Chair, I don't think I have any more questions on this legislation. And it sounds to me like the ministry is going to get the bill passed and then work on it but make sure it's in proper shape before it's fully proclaimed. And so we'll look forward to seeing how this all works. And we thank you very much for your work.

The Chair: — Thank you, Mr. Nilson. Is there any other comments? Seeing none, we will proceed with the voting of Bill No. 120, *An Act respecting Lobbying*. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 29 inclusive agreed to.]

[16:00]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Lobbyists Act*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask that a member move that we report Bill No. 120, *The Lobbyists Act* without amendment.

Mr. Phillips: — So moved.

The Chair: — Mr. Phillips so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Thank you. Mr. Minister, this concludes the discussion on Bill 120. Do you have any closing remarks?

Hon. Mr. Wyant: — Thank you very much, Mr. Chair. Well first of all let me thank the committee for its very hard work in the preparation of the report and thank for the minority report that was filed. This was all very, very helpful in preparing this legislation. I'd like to thank the officials that are here today, Mr. McGovern and Mr. Crawford, for their help, thank Mr. Nilson and Ms. Sproule for their questions, and the committee for its work today. And I'd like to thank Hansard as well for being helpful with the committee's work. So thank you very much, Mr. Chair. Those are my comments.

The Chair: — Thank you, Minister Wyant. This was quite a process. And the committee, I want to thank the committee as well for doing all the work they did toward this, and the ministry. And we will report this tomorrow in the House.

Further to that, my apologies. There was an error in the estimates that I read previously. I need to read this into the record. That pursuant of rule 148(1) the following main estimates and supplementary estimates were deemed referred to the Standing Committee on Intergovernmental Affairs and Justice on March 27th, 2014 and March 19, 2014 respectively:

that's vote no. 30, Government Relations; vote 3, Justice; vote 27, Parks, Culture and Sport.

That being filed and our agenda for this afternoon being concluded, this committee will now recess until 7 p.m.

[The committee recessed from 16:04 until 19:00.]

The Chair: — Well good evening, ladies and gentlemen, committee members, officials, Mr. Minister. We will continue with our agenda. First of all I'll reintroduce everyone on our committee. My name is Warren Michelson. I'm the Chair of the Intergovernmental Affairs and Justice Committee. With our committee is Kevin Phillips, Yogi Huyghebaert, Russ Marchuk, Warren Steinley, Corey Tochor, and Doyle Vermette. This evening we have a substitute for Doyle Vermette. Trent Wotherspoon is here.

We have a room full of officials and we have a minister and probably lots of questions. So, Mr. Minister, we will let you introduce your officials and then we'll get into some opening remarks.

Hon. Mr. Reiter: — Thank you, Mr. Chair. With me at the table here is my deputy minister, Al Hilton; also John Edwards who is the executive director of policy and program services. And immediately behind me I have Angela Currie, my chief of staff; and I also have Norm Magnin. Norm is director of policy and program services. We have Allan Laird who is a senior policy analyst, and we have Rod Nasewich. Rod is the director of legislation and regulations under the policy and program services.

We have a number of other officials here as well, Mr. Chair, and as we move on to different bills and/or estimates, I'll introduce them as required.

Bill No. 100 — *The Assessment Management Agency Amendment Act, 2013*

Clause 1

The Chair: — Thank you, Mr. Minister. We are now in consideration of Bill No. 100, *The Assessment Management Agency Amendment Act, 2013*. We will start with clause 1, short title. Mr. Minister, if you have any opening remarks, please proceed.

Hon. Mr. Reiter: — Thank you, Mr. Chair. I'll just read some brief opening remarks, and we can certainly go right to questions after that.

Mr. Chair, Bill No. 100, *The Assessment Management Agency Amendment Act, 2013* amends the Act in order to ensure the Saskatchewan Assessment Management Agency, or SAMA as they're more often known, is properly funded to provide its assessment services.

Changes in the bill include first repealing provisions relating to the 65/35 per cent share of SAMA funding responsibility between the province and municipalities, since this prevents the agency from seeking greater funding from the municipal sector. Second, making related financial amendments that provide

SAMA a greater flexibility respecting increases to municipal requisitions, providing timelines that are achievable, and ensuring a properly funded agency and making it more administratively efficient for government to make its financial payments to SAMA earlier. Third, making miscellaneous amendments of a non-financial nature.

These better reflect the agency's present roles, responsibilities, and practices and respond to the changing responsibilities of the ministries of Government Relations and Education respecting the education funding system. Consultations occurred with SAMA to ensure the amendments meet the needs of the agency and provide it the flexibility to raise required revenues.

SAMA requested relaxation of the limit on municipal requisitions. Further feedback from SUMA, Saskatchewan Urban Municipalities Association, and SARM, the Saskatchewan Association of Rural Municipalities, indicated there are no objections in consideration of this bill. As I mentioned, Mr. Chair, just some brief opening remarks for the record. And we'd be happy to entertain any questions.

The Chair: — Thank you, Mr. Minister. And for the benefit of Hansard, if the officials are asked to answer any questions, if they would please identify themselves. The floor is open for questions. Mr. Wotherspoon, you may proceed with questioning.

Mr. Wotherspoon: — Thank you to the minister and to all the officials that are here tonight. Just on the bill and looking at some of the changes, the repealing of the provisions where they did to the funding split, so the 65 per cent is the province in the past. Is that correct?

Hon. Mr. Reiter: — Yes, that's correct.

Mr. Wotherspoon: — And what's the current funding for SAMA? What's it at right now, the percentage-wise that the province is funding?

Hon. Mr. Reiter: — It would be close to that. It's just a percentage or two off. I'll just check with the officials. John tells me it's at 63 per cent currently.

Mr. Wotherspoon: — And the idea is to repeal this and have a larger share picked up by municipalities. Is that correct?

Hon. Mr. Reiter: — I think what it does is it, you know, SAMA periodically makes some changes. They're looking at some new and innovative things. And I think what it'll do is, the majority of the board of directors is comprised of municipal representatives, indeed including the provincial appointees to the board also have municipal background generally. So what it does is it allows SAMA the opportunity to make the decision if they do require additional funding, without coming to the provincial government for it, to requisition municipalities for it.

Mr. Wotherspoon: — What's the total funding for SAMA right now from the province or for their entire budget?

Hon. Mr. Reiter: — The exact dollar amount for it, I believe it's right around \$10 million. It's \$10.087 million.

Mr. Wotherspoon: — That's the total, or that's the contribution of the province?

Hon. Mr. Reiter: — That's the provincial contribution.

Mr. Wotherspoon: — Has the minister heard any concerns about repealing this from municipalities or municipal partners with the concern that they may be picking up a larger share of the funding down the road?

Hon. Mr. Reiter: — I'll just quickly read a response and email from SUMA to these amendments. It says:

SUMA has reviewed the amendments to *The Assessment Management Agency Act* and has no objections at this time to the proposed amendments proceeding to the next stage.

Also I have a letter from SARM addressed to Norm Magnin.

Dear Mr. Magnin,

This letter is to advise we are okay with changes to *The Assessment Management Agency Act* as presented in correspondence dated April 10th, 2013.

And it goes on to issue some other points. It says:

We do, however, want to ensure the province continues to fund the government's portion of the SAMA budget, cover the costs associated with education property tax . . .

And it goes on. But we could certainly provide that if you like.

But generally speaking, you know, to get to the crux of your point, you know, there may be an individual municipality here and there out there that may very well be concerned because municipalities obviously are concerned with costs. But by and large, municipalities and, as I've just indicated, municipal associations recognize what the attempt to do here is and are supportive of it.

Mr. Wotherspoon: — Just I definitely recognize a concern by many municipal leaders and municipalities as it relates to costs that they're having to pick up and carry that many feel are more appropriate costs of another level of government or at least important cost sharing. And I know off-loading is a concern for many. And certainly there is a lot of pressure on property tax payers right now, both families and businesses. And certainly the repealing of this 65/35 split would allow the province to potentially not fulfill its responsibility on this end or its historical funding on this end, and that would be a concern for municipalities to start to pick up any larger share of that.

Does the minister anticipate right now . . . The split was 63/37, I guess, this year. If the minister could verify if that's correct and if the minister could speak to any projections he has as a ministry as to what he forecasts into the future for that funding share.

Hon. Mr. Reiter: — To one of your last points first, the percentage, actual percentage I guess is 63 and a half to 36 and a half per cent.

Just a couple of points. I'm going to come back to your point about off-loading because I certainly don't agree with that. You know, I think it's important to realize that what the intent behind this is, is for instance SAMA right now is working on some new, innovative things, some technology changes that they want to make. And because of the percentages, that legislation effectively is preventing SAMA, even if their member municipalities agree to this and want to provide the funding for changes like this, it prevents them from doing that. It ties their hands.

So what this does is if they'd like to stay at the 65/35 per cent split, the board would have that ability to do that. They could adjust their requisitions and their expenditures accordingly. Or if they decide that something's in the best interest of SAMA and their member municipalities, they can certainly, you know, requisition their member municipalities to fund that. It's entirely in their hands, and the member municipalities, as I mentioned, have the majority of the seats on the board.

As far as the off-loading, you know, I'm sure you recognize that I absolutely don't agree with you on that. Our government has increased municipal revenue sharing by an enormous amount compared to when we took office. There's been over 100 per cent increase in municipal revenue sharing. And municipalities in this province recognize, as do their parent associations, that they have a revenue-sharing formula that's the envy of the country. And in no way, shape, or form and any way do I agree with your comments on off-loading.

Mr. Wotherspoon: — But what this change effectively does is causes SAMA . . . You're saying that they have some important work potentially to do for municipalities that would cost, be some plans that take on some additional cost. What I'm getting from you as the minister is that the province isn't interested in funding those initiatives and that they're going to cause municipalities to pick up that additional funding.

And I think it's important for us to remember where that additional funding comes from. You know, the province of course has a wide array of revenue sources and, you know, revenue's up 50 per cent over a short period of time. Municipalities, on the other hand, have really one revenue tool and that's going directly back to ratepayers, to property tax payers.

So what a decision like this may mean into the future, if you're indicating that the province isn't willing to support the plans and proposals of SAMA and that you're putting that onto municipalities, that's going simply go onto the backs of property tax payers as opposed to the province committing to those dollars. I guess my question to the minister is, as far as SAMA's plans moving forward, what sort of proposals are they looking at and what sort of costs are associated with those?

Hon. Mr. Reiter: — I'd just like to back up a minute. You know, you're talking about the requisitions and what that does to municipalities. John's just handed me some statistics on this. Since 2000 requisition fees have increased to municipalities by 6.2 per cent, whereas the inflation rate has increased by 27 per cent in that time, and government funding has increased by 130.5 per cent at that time. So I think that puts things in perspective.

He's also shown me some of the information they've gathered from SAMA, and it says that SAMA's going to be transitioning for the funding split. What their long-term target they'd like to get to over the next couple of years, levelling off in 2016, is a 60/40 split, so not dramatically different than it is today.

And you know, I guess to your point about, you know, the downloading to municipalities and being concerned about defending them, I guess the facts just don't bear out your comments. I just read to you items from both SUMA and SARM indicating that they agree with the legislation.

Mr. Wotherspoon: — The changes, what's the financial change? So 60/40, right now the province is funding a little over \$10 million. And what's the timeline to get to the 60/40 you describe, and what would be the total budget at that point in time for SAMA?

Hon. Mr. Reiter: — SAMA's budget plan effectively would get to the point in 2017 that the provincial share would be \$10.8 million and the municipal requisitions would ultimately at that same point in time reach 6.8 million. You know, they're doing some projections on the years in between there. I can certainly read those out to you if you like.

Mr. Wotherspoon: — Sure, that'd be great if we can have the track for government and then the track for municipal requisitions.

Hon. Mr. Reiter: — Their estimates for 2014 again, which is factual, is 10.087 million; 2015 is 10.238 million; 2016 is 10.545 million; 2017 is 10.862 million. The municipal requisitions would go in 2014 from 6.254 million to 6.442 million in 2015; to in 2016 it would be 6.635 million; and in 2017, 6.834 million.

I should indicate, as you're aware, you know, those items would end up going through the budget process. And those are approximate estimates that SAMA's projecting.

[19:15]

Mr. Wotherspoon: — Sure. And what are some of the, what are the main plans of SAMA that are going to be the additional cost items moving forward?

Hon. Mr. Reiter: — I'll just get John to run through those for you.

Mr. Edwards: — The main focus in the next several years for SAMA will be in the areas of maintenance and reinspection of properties. SAMA has a bit of a deficit in terms of reinspection of properties, in part due to the phenomenal amount of growth that's occurring in the province and has been in the last several years. As a result they've been focusing their resources on assessing properties that have been newly developed. Those are the two main priorities in terms of their operations.

Mr. Wotherspoon: — So would it be the feeling of the municipal partners that with SAMA having the resources it requires to be able to be maybe more effective on that front, will they be able to recoup the dollars that they're putting into SAMA, the additional dollars?

Hon. Mr. Reiter: — I'm sorry. Can you clarify that?

Mr. Wotherspoon: — There's a point here that some of SAMA's goals are to be more effective in maintenance and in monitoring changes that have occurred that would certainly impact taxations of municipalities. Would it be the municipalities' perspective that they would be getting sort of their dollar back and more, I suspect is how they'd see it, as far as the dollars they're putting into SAMA by the increased pool of property taxes?

Hon. Mr. Reiter: — Sorry, if you could clarify. You're saying . . .

Mr. Wotherspoon: — Right now, if property taxes aren't as accurate as they should be, would the changes SAMA could be making to be more effective, will that allow municipalities . . . Is there any projections on what that'll allow municipalities to collect?

Hon. Mr. Reiter: — You know, I would assume when SAMA moves forward, generally speaking the more current they are . . . The comments you're making I think refer to, in the municipal world they're often referred to as either maintenance or as pickups, where sort of new properties come on or there's changes to properties. It's important, and it's a new source of revenue, taxation revenue for municipalities, sort of, the more up to date and current those are. So you know, I think I'm sure that in SAMA's long-term plans they'll be continuing to strive to be as current as they possibly can with those.

Mr. Wotherspoon: — And I suspect that maybe this is a concern of municipalities, that maybe they're . . . that if SAMA doesn't have the resources that it needs to be as effective in its work that it needs to, that it causes them to potentially leave dollars on the table. Is that sort of some of the concern of the municipal sector?

Mr. Edwards: — Yes, in short. When the properties have not been reinspected at the rate in which they should have, it does mean that the assessment numbers are not as up to date as they ought to. And it does mean that there are both municipal and school taxes that could be collected out there as a result of SAMA's work.

Mr. Wotherspoon: — Is the minister aware or is he requesting any changes as it relates to more timely assessment? I know that it would, maybe that would take some additional resources. I'm not sure if the minister has looked at what more timely reassessment would be and what it would cost, if there's been proposals that you've advanced as a minister. I know certainly with various groups across the province, it's something that is brought up as a concern, the current assessments reassessment cycle. So I guess, just where is the minister at on more timely reassessment, and are there any plans in the works?

Hon. Mr. Reiter: — I have had a number of discussions with different groups, you know, who have varying opinions on that. I think what you're referring to of course is right now their evaluation cycle in Saskatchewan is four years. There's been calls at varying times to shorten that to possibly two years or maybe even one year. There is a cost to that. There definitely is. That would need to be weighed before we move in that regard. I

don't see anything imminent happening to that. You know, as of right now there are, there's varying tax tools available to the cities, for instance phase-ins, to cushion those sorts of kind of substantial changes over the four-year period.

I think those generally are where the call comes from because there'll be certain property classes that change more dramatically in relation to the other property classes. So you know, as I've said, I've had a number of discussions with different people about that but I don't see anything imminent there.

Mr. Wotherspoon: — It certainly is something that, you know, I've certainly heard from many different formal organizations that present concerns and would like to see some proposals advanced, but also just a lot of households across Saskatchewan who sometimes feel that re-evaluation over four years can, depending on where someone is in that property class, can cause a fairly significant change to them. So it's something that certainly I know many have brought forward, and I know as you've referenced, you've heard it as well.

You mentioned a dollar amount that would be attached to addressing this. What would those costs be and what would the proposals look like?

Hon. Mr. Reiter: — You can appreciate when it would be a change like that that we've never experienced, the estimates are a little bit rough. The estimates that the ministry officials provide me with for SAMA, we believe it would be in excess of a million and a quarter dollars annually, and that's for SAMA. So there would also be costs to any other assessment services providers, and there would also be costs to municipalities as well.

Mr. Wotherspoon: — And 1 million would be ongoing. It would be an annual cost to do that. It wouldn't be upfront cost. I guess there'd certainly be some ongoing cost then with this activity occurring more often.

Hon. Mr. Reiter: — Our officials tell me it would be. That's estimated for annual cost.

Mr. Wotherspoon: — All right. Thanks for sharing that. It's helpful as well to share back with the different organizations that are advocating for more timely assessment or annual assessment, not to dismiss the merits of a more, you know, more frequent assessment.

Hon. Mr. Reiter: — If I could on that, you know, as you're having those discussions, certainly there's pros and cons to this. I can see both sides of the debate. You know, we're weighing costs and benefits versus . . . kind of the cost versus the benefits I guess is what it amounts to. But if at any point there's any particular organization you've met with that's expressed that, you know, I'd be happy to speak to them or offer information to them as well.

Mr. Wotherspoon: — We'll certainly be sure to connect you into the loop with various organizations on that front.

So there's a few different things you're achieving in this. The one is repealing the 65/35 split. I think in your second reading

speech you highlighted as well, let's see, that the financial amendments that provide . . . Secondly, they provide SAMA greater flexibility respecting increases. That goes hand in hand with the first piece — doesn't it? — the repealing. Or what did you intend in the second comment there, Mr. Minister?

Hon. Mr. Reiter: — That indeed, Mr. Wotherspoon, that does go hand in hand with that. But there is also some other . . . Yes there is, there's some logistical things that they're doing on the administrative side. So I'm just going to — at the request of SAMA this is — I'm just going to get John to walk through those for you.

Mr. Edwards: — So basically one of the key provisions that you've referred to is the change in the sharing, the 65/35, in order to give SAMA more flexibility. In addition to that, there's an amendment to the requirement to set government's funding amount in regulation prior to the payments being made, and we're going to switch that to order in council. We were running into some timing issues in getting SAMA's first funding of the year out the door, so this is intended to be a more efficient approach.

We're providing for an extension to the term of borrowing that SAMA is able to engage in from three to five years. SAMA has used its borrowing ability in the past in order to undertake capital kinds of projects, and we felt that more flexibility was required. We're changing the date . . .

Mr. Wotherspoon: — Can you just stop? Can you hold the next point and just can we clarify this one here?

Mr. Edwards: — Sure.

Mr. Wotherspoon: — So changing from three to five years, and this would be borrowing, you said, of a capital nature. What are SAMA's capital needs right now and what is their current debt?

Mr. Edwards: — SAMA's current debt would be zero. They borrowed some years back in order to undertake the computer system that they operate with, their so-called CAMA system [computer assisted mass appraisal]. The next major capital project that they see on the horizon is to build on that with more technology to be used in the field in the inspection and re-inspection process.

So another change that we're making is the due date for municipalities to pay their requisitions would be moved to April 1st.

We have some provisions relating to, basically clarify the provision relating to the additional amounts of funding from a municipality to allow greater flexibility for the agency. And that's related to the 65/35 per cent sharing.

We're changing the budget date for SAMA. Each year it submits a budget and a four-year financial plan to government, to SUMA, and SARM. The current deadline is July 15th. We're proposing to go to September 1st to make it more practical and so they can use more current information.

There's some other less financial provisions. There's a

provision that would do away with the requirement for technical advisory committee because they have a number of different committees already in place and this one's been inoperable for a while. There's a removal of references to the Minister of Education since he's no longer involved in SAMA, and other housekeeping provisions like that.

Mr. Wotherspoon: — What were the nature of the committees that were no longer operating?

Mr. Edwards: — The main one was a technical advisory committee. Instead of using that, SAMA struck a SAMA city assessors committee to serve the same purpose, to focus on the more technical natures of assessment business.

Mr. Wotherspoon: — What's the structure of the board of directors for SAMA? What's the criteria for who needs to be on there, and who is on there right now?

Hon. Mr. Reiter: — Two SUMA representatives, two SARM representatives, and three provincial, one of whom is the Chair.

Mr. Wotherspoon: — And who are those individuals right now?

[19:30]

Hon. Mr. Reiter: — Somebody's digging out a list for you. We'll run through those in a minute. I'll start with the Chair, a gentleman that you probably know: Neal Hardy has both a municipal and a provincial government background. And the board members we'll have for you in a second.

Mr. Wotherspoon: — Sure.

Hon. Mr. Reiter: — I'm going off the SAMA website, but by chance I know all these people on the board. So I can give you just a very quick background of all of them.

I mentioned the chairman is Neal Hardy, who you know. From the urban sector we have Al Heron, who is the mayor of Eston, and we have Wade Murray who is a city councillor in Regina. From the rural sector we have Morgan Powell who is a reeve, I believe, of a rural municipality, as is John Wagner, also in the Southwest from a rural municipality. And again two other provincial representatives: we have Myron Knafelc, who is the former mayor of Watson, and we have Jim Angus who is a rural municipal administrator at Harris and is also a former town councillor and a former school division representative as well.

Mr. Wotherspoon: — Thanks for that list, and certainly thank you to each of those members for their service in leadership for SAMA as well. I certainly know many of those individuals as well. Now those individuals, SUMA and SARM they would elect or appoint their representatives, and then the province would appoint . . . how many positions would the province appoint?

Hon. Mr. Reiter: — SARM elects theirs at a convention and the SUMA board appoints their representatives. And then of course the province appoints the other three.

Mr. Wotherspoon: — No, great. Well I think at this time as it

relates to the bill, I've satisfied questions that I have here. And certainly I'm thankful for all the work of those at SAMA, certainly the board of directors that we just spoke of and the municipalities that are involved in the process as well across the province, with some caution to ensuring the province ensures a financial contribution to this sharing and doesn't let that slide onto municipalities.

The Chair: — Are there any further comments or questions regarding Bill No. 100, *The Assessment Management Agency Amendment Act, 2013*? Seeing none we will start with the voting. Clause 1, the short title. Is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 24 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Assessment Management Agency Amendment Act, 2013*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 100, *The Assessment Management Agency Amendment Act, 2013* without amendment. Mr. Steinley so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Thank you. Thank you, Mr. Minister.

Bill No. 116 — *The Municipalities Amendment Act, 2013 (No. 2)*

Clause 1

The Chair: — We will now consider, go into consideration of Bill No. 116, *The Municipalities Amendment Act, 2013 (No. 2)*. Do you need any time to change officials?

Hon. Mr. Reiter: — No. If I could though, Mr. Chair, I just have some very brief opening comments I'd like to make, and then we can go to straight to questions as well.

The Chair: — Yes. Please proceed.

Hon. Mr. Reiter: — *The Municipalities Act* provides the legislative framework through which Saskatchewan's southern small urban and rural municipalities exercise their powers and provide services.

The key amendments to this Act will enhance criteria to determine whether unincorporated communities have sufficient capacity for local governance and municipal status; provide objective criteria for action when municipalities are no longer able to meet their statutory requirements as local governments; provide flexibility and choice for interested urban and rural municipalities to voluntarily — and I emphasize voluntarily —

restructure to form a new type of municipality known as a municipal district; provide a new means for citizens with concerns about the financial or operational management of their municipality to have these concerns addressed locally without coming to the minister; enhance property owners' and the minister's ability to ensure municipal compliance with legislation or regulations; and constrain the potential misuse of local property tax tools and tax abatements and ensure consistent treatment of municipal electrical utility arrears.

The ministry has consulted extensively on these changes with the rural and urban municipal associations and believes these amendments will achieve more effective local governance that is accountable and responsive to the local electorate.

With that, Mr. Chair, we'd be happy to entertain any questions.

The Chair: — Thank you, Mr. Minister. We will start with clause no. 1, short title. Is there any questions? Mr. Wotherspoon, you've got the chair.

Mr. Wotherspoon: — Thanks, Mr. Chair. Just going into these areas that have been highlighted as sort of the five key areas as reasons for the changes that . . . or I guess the changes that have been brought forward here. If we can touch into the first one here, which you as the minister stated will provide better criteria on which to determine whether unincorporated communities and areas have sufficient capacity for local governance and municipal status. Can the minister just provide us some detail as to the plan and some of the reason for the changes on this front?

Hon. Mr. Reiter: — This is primarily targeted to unincorporated communities to determine whether or not they have sufficient capacity to achieve either organized hamlet or village status. So I'll get John to run through sort of the technical side of it, the criteria that would need to be met.

Mr. Wotherspoon: — Sure.

Mr. Edwards: — So basically there are two related provisions here. The first one that the minister mentioned was to determine whether unincorporated communities have the ability to go to hamlet status, and then the second one related to going to village or resort village status. We need to do more consultation with SUMA and SARM in terms of the exact numbers, but we do have some numbers in mind. For the population, we think that probably the appropriate threshold for population for going to an organized hamlet, it would be 150 persons. And then the number of dwelling units or business premises would be 75, and the minimum taxable assessment would be 15.

Those are tentative figures. Basically for going to a village or a resort village after a period of time for a hamlet, the key difference would be a population of 300 and an increase in the number of dwelling units and business premises from that as well.

This is all driven by issues of capacity. We generally find that municipalities under a population of about 300 start running into capacity issues. And this kind of gets into some of the other provisions in the bill. Things that are of concern are the ability to produce a financial statement every year that reflects the

financial condition of the municipality, the ability to table and have their assessments confirmed, the ability to do simple things like maintain the supply of drinking water, ensure that school taxes are collected and paid to school divisions — those kinds of basic measures of governance and capacity.

Mr. Wotherspoon: — Thank you for that. So how many unincorporated communities would we have across the province?

Mr. Edwards: — Well there wouldn't be a number for unincorporated communities because there's no measure of them.

Mr. Wotherspoon: — Right, because an unincorporated community, what's the definition of a . . . I mean this would be an example if you've got a group of homes, or in some cases recreational properties that are within a rural municipality, for example, and they might see themselves as an . . . they might have a name as a community, but they might see themselves . . . that would be an unincorporated community. Is that correct?

Hon. Mr. Reiter: — You know, it could be an example that you're using. But I think, probably more frequently for the purposes of this, it would be there's the separate classes, it would be a hamlet. That's not what's referred to as a hamlet, but not an organized hamlet or a village, but simply a hamlet.

Mr. Wotherspoon: — In these thresholds that you're setting populations of 150 for an organized hamlet or for a village status — I think I heard 300 — those have been set. Is that a longstanding criteria?

Hon. Mr. Reiter: — No, what would happen, the legislation would be passed — you know, assuming it's passed — and then that criteria would be set in regulation. And I want to emphasize, John mentioned when he threw those numbers out, that sort of think tank in the ministry. There will be extensive consultations with the municipal associations before those numbers are ever set.

Mr. Wotherspoon: — Do you have their numbers right now from the municipal organizations, what the numbers that they would see to be reasonable would be?

Hon. Mr. Reiter: — We're not aware of them proposing anything yet. I think what this is more, you know, as the consultations go on with those groups, the ministry floating a proposal and seeing sort of what sort of response and whether or not they would like something different.

Mr. Wotherspoon: — And this is in response to what issue?

Hon. Mr. Reiter: — I think this is based primarily on experiences within the ministry. It's the fact that, you know, as John mentioned earlier, not all but in some cases municipalities with low population thresholds can have some capacity issues meeting legislative requirements, those sorts of things. So I think what this is doing is it's an attempt to be fair to proposed municipalities, that before they reach incorporated status that there's certain criteria that needs to be met. And based on ministry officials' experience, that would give them the best chance for success.

Mr. Wotherspoon: — Okay. And would this address then . . . Is there concern with current municipalities that are organized right now that are around these, that I guess would be below these population numbers? Is there any impact on those organized municipalities right now if this . . . Let's say if you've got a village that is below 300 by way of population right now, what impact would there be on them if the province set a new threshold or a threshold of 300, for example?

[19:45]

Hon. Mr. Reiter: — I think that question actually is better answered by a different section in the same legislation though. It's the part of the legislation where municipalities would have to meet criteria for two consecutive censuses, or failing to meet their criteria for two consecutive censuses and having some issues with compliance with certain pieces of legislation could involve them reverting back.

Just to give you just a few examples, 15 villages, resort villages, according to the ministry, have failed to provide 2010 financial statement information. They all have populations under 300. There's five municipalities that haven't been submitting annual assessment returns. And you know, the ministry has a number of items like this. There's five villages or resort villages that didn't submit education property tax information to school divisions. There are those sorts of things that we're attempting to rectify.

Mr. Wotherspoon: — Okay, so you've sort of flagged that there might be an optimal number of residents and dwellings and structures or businesses that gives a certain level of capacity, based on I suspect some analysis or experience that you're drawing upon.

Hon. Mr. Reiter: — Mr. Wotherspoon, if I could, I apologize. I neglected part of your previous question. If I could just come back to it, I think your question was, sort of, will these changes affect any municipalities currently? Only if they fell within the criteria that I just mentioned, if they, you know, two consecutive censuses. Just because a municipality is currently incorporated and if the threshold does, after some consultation with municipal groups, if the threshold does get set higher for new ones to be incorporated, if municipalities are still complying with legislation and don't fall below the threshold for the two censuses, and it would have to have both those things happen, it wouldn't have an impact on them. That's not the intent here at all.

Mr. Wotherspoon: — Okay. So I think I'm understanding this then. The population threshold, let's just use an example then. If through consultation it's decided that 300 is the right number for villages, and if you have a village right now that's organized that's under 300, say 250, and let's say that they're quite organized and that they are fulfilling all their requirements, legislative requirements. They've got their financial statements. They're submitting the education property tax portion. But let's say that they are under the threshold by way of population for two censuses. Would they then have changes caused by this legislation?

Hon. Mr. Reiter: — No, they would not. They would have to be . . . Both those factors would have to be in play. If they're

meeting all their legislative requirements, this would have no impact on them.

Mr. Wotherspoon: — So it's only when the legislative requirements based around financial statements . . . You said supply of drinking water was a piece there, or that was something that was at risk sometimes for municipalities without capacity.

Mr. Edwards: — We've identified a number of potential criteria that could be used. They're not finalized yet because we want to have some further discussions with SUMA and SARM as to what the appropriate ones are. So the ones I mentioned: collection and payment of school taxes; assessment returns, having those verified; financial statements. Employing a qualified administrator might be something related to participation in some of the programs like gas tax where there's municipalities leaving money on the table. So there's a number of potential criteria that could be used in conjunction with the population thresholds, but it's only if both circumstances are present.

Mr. Wotherspoon: — And retaining a qualified administrator would be one of those criteria that you're looking at.

Mr. Edwards: — It could be. Currently the legislation requires that municipalities with a population of 100 or more employ a qualified administrator. If that's not happening and that indicator is chosen, it could be a factor.

Mr. Wotherspoon: — But if they were under 100 right now, it wouldn't impact them.

Mr. Edwards: — There's no statutory requirement.

Mr. Wotherspoon: — So it's going to be really important on this one that consultation continue with municipal partners, I would suspect. This will all be built out then in the regulation, is that right?

Hon. Mr. Reiter: — Those criteria will be set out in regulation as you mentioned, and the ministry will be consulting with their municipal partners.

Mr. Wotherspoon: — And then if someone wasn't meeting those basic criteria and if there was . . . it would be you as the Minister then that would be intervening and reverting them to become part of the rural municipality then? Is that correct or how would that work?

Hon. Mr. Reiter: — This legislation would actually require the municipality after that period of time if, you know, with the two censuses and the statutory requirements, it would require the municipality to actually initiate it. If that didn't happen, then it would, yes, it would fall to the Minister. That authority actually is in the Act — and has been, I think for many, many years anyway — the authority allowing the Minister to dissolve the municipality has been there. What this does is it puts some criteria around it and some reasoning to where that decision making would be coming from.

Mr. Wotherspoon: — Thank you very much. Just your working together with the municipal sector will be really

important, as you've noted and I think you recognize.

The second piece that you highlighted that you're aiming to achieve with this bill is that it will provide objective criteria for action when municipalities are no longer able to function and meet their statutory requirements as local governments. If the Minister could just go into some detail on those, the changes.

Hon. Mr. Reiter: — In that case, I think we very much overlap those first two points. That and, you know, we've been kind of jumping back and forth between the two. But that was the purpose of that last bullet you read was the instances we're talking about right now where two consecutive censuses and if there's issues with municipalities not meeting their legislative requirements. So that sort of effectively is the overlap between the two.

Mr. Wotherspoon: — And did you, who was pushing for these legislative changes? Was this something that your ministry has identified? Is this something that certain municipal partners or municipalities have identified as concerns?

Hon. Mr. Reiter: — It's primarily initiated by our ministry officials, based on what they've seen happening over the years; when I read through some of the stats, and I believe John did as well, sort of some non-compliance issues and where they came from and, you know, attempting to deal with those things. I do believe though that the municipal groups recognize the need for something to be done.

But you know, I think what we're trying to do here is find a reasonable balance without being heavy-handed; you know, allowing municipalities ample opportunity to be in compliance and to meet criteria but yet still getting to a point where municipalities that are having issues meeting statutory obligations, that eventually if something isn't done that I think it's incumbent on the province to deal with it.

Mr. Wotherspoon: — Okay, thanks for those comments. Just looking at the current lay of the land — and I'm sure you've done some analysis based on the criteria that you're considering, and of course I know you're going to be open to working with municipal partners to establish — is it 150 residences that's important or population or 300 residents and then the number of businesses or dwellings and what not, but based on the current criteria that you're sort of considering, how many municipalities in our province would be under those thresholds just by way of the population or the dwellings and business numbers that you're looking at?

Hon. Mr. Reiter: — I'll get the officials to get you the actual number right now and while they're doing that, I just will make a couple comments on that. You know, as we've been discussing, the consultation part with the municipal groups is going to be very important. And I would suggest to you, you know, John shared those numbers what the ministry officials are thinking, you know, may be sort of optimum. They may be or they may not. I would call that probably as a starting point for discussions with the municipal associations. We're certainly going to be receptive to any comments that they have. This is in no way, shape, or form intended to be heavy-handed. It's instead intended to deal with, you know, difficult issues that our ministry folks have noted over the last many years. So . . .

[inaudible] . . . to get the numbers for you now.

Mr. Edwards: — I can't emphasize enough that there are two things at play in this: below the population threshold for two censuses, and non-compliance. If you looked strictly at population, well you'd find that 87 per cent of the villages are below 300.

Mr. Wotherspoon: — 80 . . . sorry, 80?

Mr. Edwards: — 87 per cent of the villages.

Mr. Wotherspoon: — 87 per cent of the villages.

Mr. Edwards: — And 7 per cent of the towns. So that's not really a fair measure. That's why the non-compliance with other requirements is a very critical part of this and why population alone is not the only basis for making such a change. You know, municipalities could be well below 300 or whatever number is chosen, and still be fully functioning governments. So why shouldn't they continue? They should. I mean that's the nature of local autonomy.

Mr. Wotherspoon: — Okay. But a new organized community or a village or a hamlet would need to meet the population threshold.

Mr. Edwards: — Yes.

Hon. Mr. Reiter: — It would. But the existing ones would be grandfathered.

Mr. Wotherspoon: — So then 87 per cent of the current villages are under that population threshold. And we'll get into the non-compliance piece in a moment. But if 87 per cent are under the population threshold, it says to me that the ministry is basically moving away from incorporating new villages in the current sense of what villages are across the province.

[20:00]

Hon. Mr. Reiter: — I don't know that I would suggest that's the case. It's very infrequent right now that we incorporate new ones. I'm not sure if John knows the number recently.

Mr. Edwards: — No.

Hon. Mr. Reiter: — I'll see if we can come up with a number for you before we leave but it's pretty infrequent right now. I think what this is doing just simply is trying to set a reasonable criteria so that if a new village is formed that it gives them the best possible opportunity to be successful.

Mr. Wotherspoon: — It just seems to . . . [inaudible] . . . is there a fairly general, is there general concern coming from the ministry right now about villages in general? Because unfortunately you're talking about nine out of ten of the villages in the province that are under that, that population threshold that's been highlighted. Has there been, has your ministry flagged capacity concerns with those current villages, or what's driving this? Because it seems that that might be a high bar for population if the minister doesn't have concerns with the current operations of villages.

Hon. Mr. Reiter: — I'm going to, in just a minute, I'm going to get John to go through in some detail some of the statistics that the ministry's flagged that has caused their concerns with this. But I just want to reiterate what John said a minute ago about this is very much twofold. You know, when you're saying nine out of ten but that's nine out of ten on population threshold only. The ones that are meeting their statutory obligations, there'd be no reason for the province to interfere in their operations, nor would we want to. And that's why it'll be very clearly set out that it's, that it's a population threshold is only one piece. The second piece is legislative compliance. So as long as that's being met, it's not an issue.

Now to your point about why the ministry has flagged these concerns, I'll just get John to run through those statistics with you.

Mr. Edwards: — So to reiterate in more detail kinds of non-compliance that we have observed in the municipal sector, for example 15 or 5 per cent of villages or resort villages had failed to provide 2010 financial statement information, and that's a requirement of statute. All municipalities are expected to table a financial statement so that their citizens can tell what the financial situation of the municipality is. If you don't have basic financial information then the voters and council, for that matter, have no ability to make decisions in that area.

We've found that five municipalities had not submitted annual assessment returns to SAMA for confirmation and some were outstanding for several years. Why is this significant? Well confirmation of assessments is required in order for legal tax collection to occur. If the assessment roll hasn't been confirmed, what it means is that the municipality isn't in fact able to legally enforce its mill rate and tax collection.

In 2011 we saw five villages and resort villages that had not submitted education property tax to their school divisions. So what that means is that the school division is short revenue and ends up turning to the general revenue fund to try and have it made up there. It also raises issues locally because there are equity issues.

Under the federal gas tax program, there were a number of municipalities that were on hold, basically leaving money on the table because they weren't able to satisfy the requirements of that federal program.

We found that 168 or 55 per cent of villages and resort villages haven't adopted an official plan or zoning bylaw. So at a time when we're seeing record growth in the province in terms of many years, we have many, many smaller communities that aren't really prepared from a planning perspective in order to deal with that.

Municipalities are expected . . . Well they're required legally to have a building bylaw in place in order to ensure that the buildings that are constructed are structurally sound and safe. About 45 per cent of villages and resort villages don't have building bylaws.

So these are a number of the examples that the ministry has assembled indicating where some of the issues are. And we have advisers who go out and help work with municipalities in

these different areas — community planners, building officials — but in fact we still have this kind of level of non-compliance.

Hon. Mr. Reiter: — If I could just add to that as well, you know, two points: first of all, when there are some compliance issues, we have, depending on the issue, but for example we have advisers, municipal advisers on staff that municipalities can call on for help with those sorts of things to help them be in compliance. And the other thing I would point out I guess is that in most of those instances the vast majority of municipalities are compliant with legislation. So I think there's enough numbers in the stats that John read through to be concerning, but we need to bear in mind that, you know, the majority are compliant, and we in no way, shape, or form intend to be heavy-handed in this.

Mr. Wotherspoon: — The mention about official plans, is that a legislative requirement currently?

Hon. Mr. Reiter: — To your question on zoning bylaws, it's voluntary.

Mr. Wotherspoon: — Okay. Because it's cited now, is that going to be one of the criteria that the ministry is pushing? I didn't hear that mentioned until we were looking at non-compliance matters. So are you saying they're not complying with something that's recommended then from the ministry? If it's not a legislative requirement then they're not in breach of legislation. Is that correct?

Hon. Mr. Reiter: — What John was going through was . . . Essentially again I would refer to it as sort of the starting point for discussions with the municipal associations. We'll want feedback from those groups — what they consider significant, not significant. You know, as you're well aware, legislative compliance, there would be some issues that we would consider very, very important, for instance annual financial statements. Transparency's very important. Proper submitting of education property taxes that have been collected and the documents around that we would consider to be very important, just as a couple of examples.

There's some legislative requirements that, you know, I would suggest that municipalities probably don't put as much onus on. They're maybe not as well understood or used as frequently. I think after consultation with municipal groups those sort of wouldn't be on the list in the regulations. They wouldn't be given as much emphasis, I guess, in this. So this is all part of the discussions that'll be held with the municipal associations as the regulations move forward.

Mr. Wotherspoon: — I think we have to be careful in how you go at this because the threshold that's put in place for population basically says that there won't be new villages, you know, under 300, which right now represents nine out of ten of the villages across the province. And certainly there's pieces of non-compliance that would be unacceptable and certainly would require the kind of intervention that the minister's speaking of here today.

But I'm concerned with the fact that . . . I know that out of the — and you can correct me on this — there were probably 300-and-some villages across the province. There are some

really exceptional villages that have organized themselves in really unique ways that reflect who they are as a community and have been very accountable to their residents. And it's my concern that new thresholds set for villages will prevent that sort of unique village environment from being able to incorporate into the future.

Hon. Mr. Reiter: — Two points, I guess. Just to put your concern, very valid concern, but to put it into perspective, our assistant deputy minister, Keith Comstock, had just told me that in his entire career in the ministry, which is well over 20 years, he cannot recall a single time that a municipality incorporated. So it's not like there's a . . . [inaudible interjection] . . . Right. Sorry, never incorporated as a village. Some organized hamlets but not as a village in that time. So it's not like there's going to be a huge flux of communities wanting to incorporate as a village that we're trying to hold back. That's not the case here at all.

But what I would suggest, what we're trying to do in this case is the province is growing, and we want to be prepared. We believe that's going to continue to happen. We want to have proper criteria in place, as I mentioned before, and give those communities the best possible chance to succeed if that's the route they want to go through.

Mr. Wotherspoon: — And right now in those villages, that would include resort villages right now?

Hon. Mr. Reiter: — No. There was one resort village in 1994, the resort village of Island View, our officials tell me.

Mr. Wotherspoon: — I'm familiar with the resort village of Island View. I ice-fish off of it often and know many people there as well. The note might be though . . . But when you're talking about villages, that same threshold, 300, applies to resort villages as well.

Hon. Mr. Reiter: — Again though, I just want to reiterate, that's like a starting point for discussion. They'll be, the ministry folks will be discussing that with the municipal associations.

Mr. Wotherspoon: — Okay. Just some caution on that because I think that where you have accountable villages — and there are many — and villages that have built their own unique community, I think that many of those residents would see benefits in that. That may not be the case in all cases and certainly there is . . . Where non-compliance on some of these matters isn't occurring or accountability back to residents isn't occurring, certainly intervention from the ministry is appropriate and called for. But it does concern me.

And it goes back to this point that I find, you know, unless I'm missing this a little bit here, I think there's something rather unique in a lot of the villages that I've visited across the province, including the resort village of Island View. And there's something that they take a pride in, what they're able to achieve together in a smaller community that they may feel may get lost if they were part of, in this case they would then become part of the RM [rural municipality]. Is that the . . . if they weren't meeting the requirements?

Hon. Mr. Reiter: — Certainly it could revert to a hamlet in the rural municipality. You know, your point's well taken. And I think again I'd point to that's why this is twofold. That's why this is not just sort of there will be a population threshold, and if that's not met, it's reverted. That's not the case. That's not the intent. The examples that you're using, where their statutory obligations are met, there would be no reason or any desire on the province's part to interfere, and that's why it'll be enshrined in both legislation and regulation, the criteria.

I would also just point out, you know, your comment about sort of the uniqueness of our small communities. I grew up in a tiny little community. I absolutely understand what you're talking about. I would just point to a community in my home area, the rural municipality that I worked for before I entered politics here, in Pleasant Valley. There's an organized hamlet, not a village, an organized hamlet called Fiske. It's a small community between the towns of Kindersley and Rosetown, and it is just a wonderful community. They have a lot of community spirit. They have community events. And they don't have village status, but they're certainly a thriving little community.

Mr. Wotherspoon: — No, that's a good example. Thanks for sharing it as well.

Just some caution moving forward because we are growing as a province and there will be a desire for some, I would suspect, to continue to build villages into the future. And just some, you know, consideration around what that population threshold should be. I understand certainly we don't want current villages that are fulfilling their responsibilities to be reverted back, as we've talked about here and as you've committed to, because it's on a couple of fronts that they'd have to be non-compliant and then the population threshold.

But the population threshold may be problematic for many communities that are growing. And there's many of these right across the province where you see unorganized communities that are growing up. We see that along lakes, of course, and resort communities, but we see it other parts of the province as well. And you know, I'd want to make sure you're careful in your consideration and how you're organizing that moving forward because some of those communities may very well want to organize themselves in a fashion like or as a village, and just to make sure that that's still achievable. So I would urge some caution with the 300 number. But I certainly find it unacceptable for any village to, or any municipality to be non-compliant with proper financial reporting and some of the other pieces that have been laid out, and certainly accept those non-compliance pieces as important factors.

[20:15]

Hon. Mr. Reiter: — You know, if I could, your comments on the province growing are exactly right. It is growing. We believe it will continue to grow. Those communities that are continuing to grow and are looking to achieve incorporated status, I think it's just, it's incumbent on the provincial government to set a criteria, as I've mentioned a couple times earlier tonight, to just give them the best possibility of success. And I would just reassure you that again those numbers, the 300 threshold you're talking about, that came purely from

discussions within ministry officials themselves as a starting point for discussions with municipal associations. That certainly is not decided yet. We're going to want to hear what municipal associations have to say before any final decision is made.

Mr. Wotherspoon: — Thank you. Thanks again for reiterating the piece around consultation. That's going to be critical to arriving at a piece of legislation, regulation that works for communities. So please be working with our municipal organizations and municipalities in considering those municipalities that, you know, that are growing that are sort of just young at this stage within the province.

The third point you've highlighted is that this will allow municipalities to voluntarily restructure to form a new type of municipality known as a municipal district. Certainly I think an important word there is voluntarily. And if you as minister could provide some detail as to what's being proposed on that front.

Hon. Mr. Reiter: — I'll ask John to add any comments if he likes, if I missed anything. But generally what the intent there is there's instances in the province, not a lot but periodically, something will be raised where you'll have an urban municipality and a rural municipality that have had discussions about possibly joining together. And essentially a stumbling block will be, under current legislation, essentially one or the other will be required to sort of give up their status and sort of be seen to be kind of succumbing to the other one. So the intent here is I think to maybe recognize more than anything that there'd be another avenue, you know, referred to as a municipal district, and that essentially what it is is two partners joining into the district as opposed to sort of one reverting to the other one.

Mr. Edwards: — So as the minister has indicated, this is a concept that's intended to introduce new flexibility into the legislation so that in situations where you have an urban and a rural municipality or more than those, they have the opportunity to merge without necessarily becoming either an urban or a rural municipality. The provisions introduce flexibility in terms of the kinds of legislative provisions that would still apply to the different parts of the new municipality. There would be an agreement between the municipalities to hammer out the details and ultimately that agreement would reflect some of the provisions that would apply.

One might ask the question, well where did this come from? And we have had, as a ministry, a number of inquiries over the last several years from urbans or rurals. Some of the examples that we've identified, going back through our records, there were inquiries from the town of Nipawin, the RM of Nipawin, and the village of Codette. There was an inquiry from the RM of Snipe Lake and the town of Estevan to talk about some kind of restructuring.

The RM of Dundurn and the town of Dundurn. There were some active discussions a few years ago — I don't think they continued on — between the RM of Willow Bunch and the town of Willow Bunch. And then there've been exploration of the district concept in Katepwa and the Wakaw Lake areas.

So we have a smattering of examples where municipalities have

sought something that was more flexible than the current legislation provided. So we worked with them and with SUMA and consulted with both the municipal associations in order to come up with these proposals.

Will there be an avalanche of municipalities using this provision? Probably not. This is something that will probably take hold and grow slowly.

Mr. Wotherspoon: — How will these be governed? How will they be elected? Who'll be . . .

Hon. Mr. Reiter: — It'll be very much . . . They'll still fall under *The Municipalities Act*. There'll be an elected council. It'll essentially just involve the combination of two or more municipalities, but still falling under the same legislative framework as all municipalities, outside of the cities and the northern, in the province.

Mr. Wotherspoon: — So the district itself, if you had an RM and a city that were coming together in a district, it'd just simply be their reeve and council and then the mayor and council, and that would be the governing body of that district?

Hon. Mr. Reiter: — If I could, you mentioned an RM and a city. Cities are governed under their separate legislation there. So it wouldn't be a city. It would refer to either a town or a village and an RM, yes.

Mr. Wotherspoon: — So in that environment then, so a town or a village, it would be the mayor and council along with reeve and council, the RM that are elected simply that would be the governance structure?

Hon. Mr. Reiter: — Those sorts of decisions would be made through the agreement. In all likelihood there wouldn't be as many councillors as there was if you combined the two. Decisions, you know, whether it's a reeve or a mayor or whatever the situation may call for and where boundaries would be, would be a result of the agreement that formed this.

Mr. Wotherspoon: — So they'd still be their distinct entities? They'd still be a member of . . . They'd be an RM; they'd be an urban municipality. But then they're also a district. And would there be some harmonization of bylaws or is that entirely up to them voluntarily and democratically to arrive at?

Hon. Mr. Reiter: — Just to clarify, this wouldn't be sort of another separate unit. It wouldn't be . . . They wouldn't retain, you know, rural municipal status and urban municipal status. It would become one entity. It would be a municipal district which also would fall under the same legislation as rural and urban municipalities.

Mr. Wotherspoon: — So right now we have no municipal districts?

Hon. Mr. Reiter: — Katepwa uses that title but there's actually no legislative authority to do it. So officially what they actually have done is there is no other fallback for them so they're actually classed in current legislation as a resort village.

And also, just advised, also Lakeland is also the same situation.

Mr. Wotherspoon: — And from those experiences, have you seen benefits that you've witnessed as a ministry that would cause you to look at the creation of more of the districts?

Hon. Mr. Reiter: — I guess the only sort of examples we can look to are the ones that we just mentioned because there's been no legislative authority for municipalities to do this. You know, ministry officials tell me from what they're aware of though, using Katepwa for the example, is from a governance side they believe they've been very successful.

Mr. Wotherspoon: — And this responds to some of the needs or concerns or opportunities around regional planning? Is this responsive to some of that discussion?

Hon. Mr. Reiter: — You know, I think it could be. I think again it's important, you know, to . . . John ran through, I don't know, five or six examples of different areas of the province that over the last number of years have contacted the ministry and would have considered something like this. Again you know, I don't believe there would be a sudden massive influx of municipal districts, but I think it's a possibility that municipalities that think it would be beneficial and, you know, municipalities that do wish to do this, if they see benefits to their ratepayers through economies of scale or through just more efficient governance operation, whatever the case may be, it gives them the option that they currently don't have.

Mr. Wotherspoon: — It has a lot of potential. I think that voluntary is a very important word. You've stated that. It's going to be important that that's reflected in legislation and in practice. And then I guess there would be a regulatory framework of some sort that's going to have to be built out to govern, to legislate this whole creation. That's going to be awfully important. Has the minister heard some concerns around getting that regulatory framework right?

Hon. Mr. Reiter: — Actually I believe that probably won't be an issue because these new bodies, if you will, will still fall under the current municipalities legislation. So they'll still fall under the legislation that's currently governing urban or rural municipalities. Again I just, not to get too detailed, but excluding cities and excluding northern municipalities because they have their own statute. But, you know, essentially what you would have, for example, is you have a rural municipality that is currently governed under *The Municipalities Act* and an urban municipality that is currently governed under *The Municipalities Act* now combining and being governed under *The Municipalities Act*. So that, you know, we don't see a huge issue with that.

Mr. Wotherspoon: — This is an area that I would expect you'll be in full consultation with SUMA and SARM to build out regulation on this front?

Hon. Mr. Reiter: — I think what you'll see in these situations probably, because the legislative regime is already in place, so I think what you'll see is probably more important and new will be the actual agreements between the participating municipalities. So in those situations, certainly our folks will make themselves available for advice. They'll be discussing and co-operating with the municipal associations on that, who I'm sure will also want to be helpful to their member municipalities.

But again, the legislative piece is already in place. The sort of, if you will, pre-existing municipalities that are combining for this are used to being governed by that piece of legislation. That won't change.

Mr. Wotherspoon: — Well won't there be changes from a regulatory framework perspective as far as the assets and the liabilities and the governance as we talked about? Aren't those pieces that are going to be detailed through a regulation process?

[20:30]

Hon. Mr. Reiter: — Those items . . . Two points: first of all, there will be a provision in the Act for regulations if needed. But the piece that you're discussing will essentially be handled through the negotiation between the two municipalities. That's sort of the key document that'll be done there. That won't be mandated by statute or by regulation by the province. That's where the voluntary part of the voluntary restructuring will come from. They'll need to make those decisions between themselves.

Mr. Wotherspoon: — Okay. So there really are . . . They'll be quite organic. They could be quite unique. They could be very different. They could have very different numbers of folks they elect within that region, and from which part of the district they come from. Is that correct?

Hon. Mr. Reiter: — You know, if I could, there's an existing section of the Act . . . Sorry, I'll get John to go through this. The legislation has a section that I think pertains to the concerns you raise, which are very valid. Those are the sorts of things that municipalities, before they enter into something like — I think you mentioned; I don't want to put words in your mouth, but I think you mentioned — the assets and how those would be dealt with and a number of things like that. And I'm just going to get John to walk through those details. It's in legislation to the extent that it's saying, here's what the agreements can address. So I'll just get John to walk through that with you.

Mr. Edwards: — So in the existing legislation, in section 53 that deals with so-called restructured municipalities, there are provisions that accommodate an agreement between municipalities, a restructuring agreement. The new provisions build off that. So when they create a new municipal district, they would enter into that kind of agreement.

The agreement would deal with things like the name of the new municipality; the location of the municipal offices; any principles that they want to incorporate relating to governance; the disposition or combination of assets of the parties and how grants are treated; taxation questions; whether there's special levies needed in certain parts of the municipality because of particular needs, for example, infrastructure or reclaiming contaminated sites, if there's a landfill or other types of sites involved, settling other kinds of liabilities before coming into the new entity. The agreement could also deal with the process of integrating the municipal administrations and their service delivery.

And then it could also deal with electoral matters. They have the choice between the rural and urban electoral scheme. And of

course you're aware that urban councils, well they all go for four-year terms, but urban councils are elected at large whereas rurals are basically based on divisions with . . .

So those are all the kinds of provisions that could be encompassed by the agreement that would be entered into. So it's built off of the current existing legislation.

Mr. Wotherspoon: — Okay, so you don't anticipate a need for new regulations to write a regulatory framework to assist these municipal districts?

Mr. Edwards: — We've included in the legislation provision for potential regulations as a spare tire, if you will, and also so that we can address the way in which other statutes might affect the municipal district. The bill includes a number of amendments relating to that, but there may be things that we have not thought of because these are new entities.

Mr. Wotherspoon: — So it's important that this is a voluntary structure, as we spoke of. I definitely hear from municipalities who met, municipalities that see some value in this sort of organization in how they can deliver services and what they can achieve.

One of the impediments I hear from some is that sort of they're looked at, of course, as what sort of partner they are, you know, coming into the new municipal marriage. And in some cases it's a feeling by some municipalities that it's a challenge for those with some liabilities that exist — maybe a landfill, maybe some other matter — that they're not really a partner that's wanted by many other municipalities. This is sort of what I've heard from some municipalities.

So if you're supporting this role of municipal districts in a voluntary way, will there be specific actions of your government to address some of the impediments for municipalities to come together, work together, possibly form into a voluntary district, such as liabilities that they might have?

Hon. Mr. Reiter: — Well I think, you know, you hit on one of the impediments there, sort of what would the new municipal entity look like, what would it be called — all those sorts of things. I think this would sort of address many of those concerns.

If you're getting at liabilities, financial liabilities, sort of an infrastructure problem or something like that, that's a separate issue. That's issues that would need to be dealt with through, you know, whether it be local taxation capacity or whether it be municipal revenue sharing or infrastructure programs. This legislation is not intended to address that.

Mr. Wotherspoon: — Yes, and I want to continue to highlight to the minister to make sure that this is a voluntary process, mentioned by the members opposite. And we too have concerns to make sure that the minister isn't getting into some sort of a forced process here.

But along that voluntary process, it's important I hear that the ministry will be ready to work with municipalities to address some of the impediments for that partnership, if you will. Is the minister ready to work with potential municipal districts,

partners who are coming forward to him to say, well it's more effective from our perspective for us to work together for these reasons, but this is the impediment that causes us not to be able to come together right now? Or are you ready to actively work with those municipalities to potentially assist in addressing some of those liabilities or impediments?

Hon. Mr. Reiter: — If I could, on the voluntary side of this, very clearly, you know, for example under section 51.1 it refers to:

The councils of at least one rural municipality and . . . one urban municipality may apply to the minister to incorporate as a municipal district

Very clearly our government has, both in writing and in the House as you're aware — I believe it was in question period — in the past the Premier has very clearly indicated that we are in no way inclined to start forcing amalgamation of municipalities. We're on record as that. This is purely a voluntary issue.

To your second point about dealing with financial liabilities, again that's an important issue, but it's separate and apart from this legislation, in my mind. And it's a case of those sorts of issues are going to be, as I mentioned earlier, dealt with when there's a financial issue — whether it's through local revenue capacity, taxation, whatever the case may be, or municipal revenue sharing or an infrastructure grant program or some other form of revenue that I, you know, possibly haven't thought of on the spur of the moment. It'll be a separate issue that needs to be dealt with in one of those ways.

Mr. Wotherspoon: — But I think to effectively support the potential creation of districts in a voluntary way, and if they're forming, they'll be forming because it's in the best interests of their region and their constituents, I think that it's going to be important that there's greater willingness from the minister, from government I should say, to work to understand some of the complexities or some of the challenges that may exist. Otherwise there might just be partnerships right now that maybe they come together because there's some strength in each of them. There might be some important partnerships that could be formed where there's a challenge or a liability or an impediment that's in place that may not be the cause or fault of a given municipality.

So I would just, I would urge some openness from government then to, you know, if there's municipalities, potential districts that are indicating that they have some interest but there's some impediments, to examine those impediments and see where government might be able to be helpful. And in some cases they might not, there might not be able to be some assistance.

Hon. Mr. Reiter: — Our government, either through myself as minister or through our ministry official, certainly is also open and willing to discuss issues with municipalities.

Mr. Wotherspoon: — The fourth piece that you've laid out that's important in this legislation is that the amendments will provide citizens with the ability to petition their council to conduct and make public the results of a financial or management audit. And then you go on to speak that this would mean citizens to address concerns locally. So just what

mechanism have you put in place here? What sort of accountability does it provide? What thresholds are in place? And what would those petitions and then those public accountability processes look like?

[20:45]

Hon. Mr. Reiter: — The impetus for this came from . . . I'll just give you some statistics that I think kind of reinforces. The ministry tells me that from April 1st, 2011 to December 31st, 2012, there was 107 requests involving a number of different municipalities that were made to the ministry for provincial intervention, and those included things like requests for a financial or a management audit. And what the attempt to do here is right now essentially the only way for that to be done would be from, you know, essentially an order of the minister, I believe.

So what we're attempting to do here is that we're trying to put a local tool in place with reasonable thresholds so that those sorts of issues, if there is a compelling case and there's a significant number of people in the municipality that are concerned about this, that they can achieve those sorts of things, sort of without the kind of heavy hand of provincial government kind of interjecting themselves into that situation.

So sort of the follow-up in your question, what's proposed is that the petition, to be successful for that, would require a third of the population to sign it, and then that would be the requirement for a financial or a management audit by the municipality. So what the ministry has tried to achieve, and I believe they have, is to have that threshold high enough that there wouldn't be sort of any I guess frivolous or sort of nuisance petitions with very few people signing, but not so high that it's unreasonable. So that's the intent here.

Mr. Wotherspoon: — And this Act, it doesn't pertain to the cities. So this is villages, towns. So what's the largest community that this would impact then?

Hon. Mr. Reiter: — It would get to, sort of to your largest towns generally, that haven't achieved city status. You know, it would be . . .

Mr. Wotherspoon: — And 10,000 is . . .

Hon. Mr. Reiter: — 5.

Mr. Wotherspoon: — 5, sorry.

Hon. Mr. Reiter: — 5,000.

Mr. Wotherspoon: — And so this petition, then, who would verify it? Would that be through your . . . There would be some regulations that will follow and that would be done through your office? You stamp it? Or how does it work, Mr. Minister?

Hon. Mr. Reiter: — It would all go through the normal process as any other petition. It would be the municipal administration that would do that.

Mr. Wotherspoon: — Would there be any role for oversight in these processes for the ministry?

Hon. Mr. Reiter: — No, it would again follow the municipality. It's in legislation, and it would be incumbent on the municipality to follow the legislation.

Mr. Wotherspoon: — And you said you've had 107 requests. How many communities would have those requests been related to?

Hon. Mr. Reiter: — According to the documents that the ministry has provided to me, in that time period I'd mentioned — it's April 1st, 2011 to December 31st, 2012 — there was 107 requests involving 64 different municipalities. Those municipalities were comprised of 5 resort villages, 18 villages, 15 towns, 2 cities and 24 rural municipalities.

Mr. Wotherspoon: — And right now the only recourse right now is for you, as the minister, to initiate action and review. Is that correct?

Hon. Mr. Reiter: — I think, you know, to speak to your issue, I think the situation right now is, you know, the minister has authority under the Act to order an investigation or, you know, a review. I think what the intent here is that right now when a complaint comes in to the ministry, the ministry has no way of knowing whether that's sort of, there's some legitimacy to it, whether that potentially is one citizen that, you know, possibly has an axe to grind, or whether there's a very serious concern that a number of citizens would share. So I think the intent here is to sort of put some parameters around this and give some power, some control to the local citizens if they want sort of a management audit or some sort of review of the operations of the council. So I think rather than it being sort of an arbitrary decision of the minister, it puts some control into local hands.

Mr. Wotherspoon: — Who would conduct the audit?

Hon. Mr. Reiter: — Yes, you know, I would believe in most cases it would be the municipality's normal external auditor.

No? I'll just get you to hang on. John is just reviewing this with . . .

Mr. Wotherspoon: — Sure.

Hon. Mr. Reiter: — The criteria actually would be . . . It says:

The financial audit or management audit must be conducted in accordance with the guidelines and standards as recommended from time to time by the Chartered Professional Accountants of Canada.

An auditor appointed for the purpose of this section:

- (a) must be a member in good standing of a recognized accounting profession that's regulated pursuant to an Act; and
- (b) must not be the auditor for the municipality appointed pursuant to subsection 188(1).

So it would be, you know, an external auditor as you would imagine but it would be not their normal auditor. It would be another one.

Mr. Wotherspoon: — Would the minister be concerned if a municipality received an adverse audit or failed an audit through such a process?

Hon. Mr. Reiter: — In the instance that you suggested, if the audit raises concerns it would depend on what those concerns are. If they're I guess of a more minor nature, so to speak, the ministry would attempt to help. You know, we have, as I mentioned earlier, we have municipal advisers that would attempt to help the municipality deal with that. If there's something more serious though, if there's something potentially of a criminal nature, then there's a requirement in the legislation that the auditor would have to forward their information to the deputy minister of Justice for investigation.

Mr. Wotherspoon: — Okay. So there would be maybe the circumstance of a, sort of a qualified opinion where there would be something that would be of interest for the minister to make sure that it's resolved? Is that what I'm hearing? And then would it be, I guess . . . So there's a qualified opinion which cites a concern in a particular program or part of it, and then there would be the adverse opinion which would be sort of, would be the failure of the audit, which would then have the auditor stating that the financial reports aren't trustworthy. How would the . . . I guess the minister, I'm sure, would see the adverse opinion as a failure of the compliance with accounting as a significant issue. Or just how would you deal with those?

Hon. Mr. Reiter: — I'm going to ask John to walk through, there's a section of the Act that sort of outlines the responsibilities of the auditor after that audit that I think will probably address most of your questions.

Mr. Edwards: — So in developing these provisions, we actually consulted with the Chartered Professional Accountants of Canada. There are two different kinds of audits that are contained within these provisions. One is a financial audit that is intended to look at, to determine if there are instances of fraud, theft, or other misappropriation of funds or other improper or unauthorized financial transactions or other situations where there's financial non-compliance with legislation. The second is a management audit, which is to review the performance and operations of the municipality. So could it be done better? That's the kind of question as opposed to fraud.

So the provisions the minister referred to are in subsection 11. And basically it says that within 30 days after receiving the auditor's report — that's the separate auditor — the municipality is required to publicize the availability of the report in the municipal office and in a newspaper circulating within the municipality, and to provide a copy of the report, either by mail or personal service, to a person who requests it.

So if it's a case where it's a management audit and, gee, they could be running their operations better, that's a judgment then that the municipal ratepayers need to make in terms of when they come around to the next election and whether they want changes. However in the case of where it's a financial audit, if the auditor's report identifies instances like fraud or misappropriation or whatever, then the auditor is required to forward a copy of the report to the deputy minister of Justice for investigation. And in the meantime the municipality refrains

from giving that public notice because it potentially ends up being a criminal matter that goes to the RCMP [Royal Canadian Mounted Police].

Mr. Wotherspoon: — Right.

Mr. Edwards: — The other provision that's in there is that upon completion of any report, the auditor is also required to provide a copy of the report to the minister responsible for the Act. And there might be further steps under existing provisions in the legislation: inquiry, or SMB [Saskatchewan Municipal Board] supervision or that sort of thing that the minister could contemplate.

Mr. Wotherspoon: — So thank you for that information. So just to be clear, if a municipality failed its financial audit, if it was given an adverse opinion, if the auditor said that their reporting wasn't trustworthy, not accurate, then that would go directly to the deputy minister of Justice because of course it's a significant issue. Is that correct?

Mr. Edwards: — It would go to the deputy minister of Justice where there were cases of fraud or theft or misappropriation of funds.

This is distinct from the audit that's done on an annual basis looking at a municipal financial statement, okay? So it's not a question whether it's qualified or not. They look at this, they determine what their findings are, they report on them.

Mr. Wotherspoon: — Thank you very much. Of course these are all important matters at all levels of government to ensure accountability to the public.

Moving on to the fifth area that the minister is making changes here with this bill, and this relates to the area of proposed amendments and changes intended "... to ensure municipal compliance with legislation and regulations and constrain the potential misuse of local property tax tools and tax abatements," if it occurs. Those are the words of the minister just from your first reading speech.

You cited the misuse of local property tax tools and tax abatements. I just would appreciate if the minister can speak to specific examples of misuse of those tax tools, tax abatements, and frequency of misuse of tax tools and tax abatements.

Hon. Mr. Reiter: — If I could, sort of the driving force behind these changes came of a concern that was brought to my attention. It would've been ... It was either late 2012 or early 2013. Forgive me; I don't remember exactly. But the example that I'll share with you is a ... And again I need to sort of kind of drive home the point that the vast, vast majority of municipalities in this province use tax tools judiciously. They're not in any way, shape, or form, in my view, abused and the vast majority of municipalities won't be affected by these changes. But there have been incidents that frankly have troubled me and troubled ministry officials. And I'll share the one that kind of was the impetus for this.

There's a rural municipality that in 2010 through the use of tax tools ... To put the perspective in place, the taxable assessment on agriculture land is just over \$31 million. Taxable assessment

on commercial is \$93 million — so roughly three times, commercial. The levy, after the use of tax tools, the levy in 2010 on commercial was just over \$1.8 million. The levy on agricultural land for the entire municipality was just over \$1,600. In 2012 that same municipality, the agriculture levy was — again through the use of tax tools, through the use of predominantly mill rate factors — the entire levy, agricultural levy for the municipality was \$70,000. The commercial levy had jumped from two years previous at 1.8 and went to \$7.8 million. So that concerned me greatly.

If I can just kind of do a general overview with you of what had happened. When that came to my attention, I was extremely concerned. We had discussions with ministry officials. We thought it was important to take some action immediately, and to send the right message I think both to the business community and also to municipalities.

So what we did is we initiated an interim cap, a limit on the use of mill rate factors. We capped it to a ratio because of course you can't just use a number because some mill rate factors can be a fraction, or a decimal point it can be. And that's what was used in this case. The initial example I used from 2010, the mill rate factor on agricultural land was point zero one. So what we did is we used it as a ratio between the different property classes, and we limited it to 15. We did a review. There was extensive consultation done by the ministry with municipalities, with municipal associations, with businesses, with business groups, and what we've decided in that case then is now the mill rate factor cap will be 9. So that's again the ratio.

So what we're doing in this case with the legislation is, because there are a number of other tax tools that municipalities can use, essentially what we're trying to do is cover the bases so that it limits the potential for abuse. And again I would just reiterate the vast majority of municipalities in this province use their tax tools very judiciously but, you know, it's important that we have limits in place.

Mr. Wotherspoon: — Okay. Thanks for the context as well, and of the one case that you found particularly egregious. Could you just explain a little bit more the mill rate factor and the controls that you're placing on them for the public at home?

Hon. Mr. Reiter: — Absolutely. As you know, this is sort of a detailed sort of situation. I'm just going to get John to walk through that with you.

Mr. Edwards: — So the limits that have been put in place pertain to mill rate factors. The legislation that we're looking at actually expands on the authority for putting in place limits. It includes authority to put in place limits on the use of minimum tax or base tax, which are two other forms of a tax tool. And there was also some provisions relating to what's called cancellation or abatement of property tax.

And lastly, there's also the ability added for the minister to provide that a municipality that's clearly in abuse of the limits that are established can no longer use a specific kind of tax tool. So for example, if a municipality weren't complying with the limits on mill rate factors, that would be an option sort of at the end of the chain of discussions with the municipality.

Mr. Wotherspoon: — So based on the limits that you've placed or the controls you're placing on mill rate factors and tax tools, and then this law coming into force, how many municipalities would have to change their laws or their bylaws?

Hon. Mr. Reiter: — There's nine municipalities impacted. There's one city, one town, two villages, and nine rural municipalities.

Mr. Wotherspoon: — Okay. Are you in a position to share who those are tonight, and how they're not in compliance, you know, what piece isn't in compliance with the new controls being put in place?

Hon. Mr. Reiter: — Certainly. The city of Swift Current is the city that I mentioned. The instance there though I would suggest is sort of an anomaly. It's not actually a ratio with a property class. It's actually a subclass within that property class. And I think it was stemming out of a decision that was made during the re-evaluation last year. And I would describe it as pretty minimal.

I think the total dollars affected were \$65,000 within property class. So as I said, I think I would describe that as sort of a minimal thing. You also have the village of . . . Right. Sorry, back to the Swift Current one. So sort of to put that in perspective, within the municipal levy that's a fraction of 1 per cent of their municipal levy. There's also the village of Lake Alma, the town of St. Brieux, and the village of Spy Hill. And in those instances what that is is municipalities that are just . . . their mill rate factor ratio was just higher than the limit of nine. And then you have nine rural municipalities, predominantly in the heavy oil area in the northwest, and the same instance there as well, that you have them at varying degrees over the ratio limit of nine.

[21:15]

Mr. Wotherspoon: — Thank you for that. And as far as these changes, these controls you've put in place, have there been concerns either from SUMA or SARM or from specific municipalities?

Hon. Mr. Reiter: — Sorry, concerns raised prior to the changes? The use, you mean?

Mr. Wotherspoon: — Sorry, the new controls and limits that you'll be enforcing here as minister.

Hon. Mr. Reiter: — You know, I think essentially the best way I could summarize this . . . As you know, from the list I went through with you, the bulk of them affected, at least to any degree, are rural municipalities in the heavy oil area. I would suggest to you that probably the reaction of those nine that are impacted is they'd prefer not to see that limit. They'd like to keep doing what they were doing. And to the rest of the municipalities in the province it was essentially a non-issue.

Mr. Wotherspoon: — So what else is going on in this legislation? We've gone through the five pieces, the five big changes. Any other changes that you're making that are notable or, most importantly, any changes that haven't been discussed yet that you've heard concern from municipal partners or

municipalities or municipal organizations?

Hon. Mr. Reiter: — There's lots of great things that I know you'll look forward to supporting on the floor of the legislature. The bulk of it, I would say the rest is, I would view most of it I think as housekeeping. I'm going to look to John or any of the other officials that may want to highlight some specifics, but I think the bulk of the rest of it would be driven by ministry officials, and as I view, you know, sort of housekeeping. I'll look to John if there's any particular thing that he thinks should be highlighted.

Mr. Edwards: — Actually you've hit on all of the key areas that are in the bill. They were highlighted in the second reading remarks, and that's basically what the focus is.

Mr. Wotherspoon: — Okay, thank you. There's I know moving forward, there's important consultation that will stem from this bill on various fronts, and just that's something we'll be tracking and making sure, you know, is followed through with. But I've satisfied the questions I have at this point of this bill.

The Chair: — Thank you, Mr. Wotherspoon. Thank you, Mr. Minister. Is there any other comments or questions regarding Bill 116? Seeing none, we will proceed with the voting on Bill No. 116, *The Municipalities Amendment Act, 2013 (No. 2)*.

There are 61 clauses in this particular bill and I think we'll . . . We have to go through them one at a time, so bear with us.

Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

[Clause 1 agreed to.]

[Clauses 2 to 61 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Municipalities Amendment Act, 2013 (No. 2)*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

I would ask a member to move that we report Bill No. 116, *The Municipalities Amendment Act, 2013 (No. 2)* without amendment. Mr. Tochor. Thank you. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Thank you, committee members.

Mr. Minister, are you ready to proceed with Bill No. 117?

Hon. Mr. Reiter: — Yes.

Bill No. 117 — *The Municipalities Consequential Amendment Act, 2013/Loi de 2013 portant modification corrélative à la loi intitulée The Municipalities Amendment Act, 2013 (No. 2)*

[The committee recessed for a period of time.]

[21:30]

Clause 1

The Chair: — Thank you then. We will now consider Bill No. 117, *The Municipalities Consequential Amendment Act, 2013*. This is a bilingual bill. We will start with clause 1, short title. Mr. Minister, you may proceed with opening remarks.

The Chair: — Good evening. Welcome back to the Intergovernmental Affairs and Justice Committee meetings. The committee will be considering the estimates and supplementary estimates for the Ministry of Government Relations.

**General Revenue Fund
Government Relations
Vote 30**

Hon. Mr. Reiter: — Thank you, Mr. Chair. Just very brief opening remarks I'll read into the record. *The Municipalities Consequential Amendment, 2013* makes an amendment to one bilingual bill, *The Non-profit Corporations Act, 1995*, as a result of the amendments enabling municipal districts in *The Municipalities Amendment Act, 2013*. The change to *The Non-profit Corporations Act, 1995* is required to add a reference to municipal district in the definition. This will ensure that this statute continues to apply in the municipal district in the same way as it did in the former municipalities that merged to become a municipal district. And with that, Mr. Chair, we'd be happy to entertain any questions.

Subvote (GR01)

The Chair: — We will now begin our consideration of vote 30, Government Relations, subvote (GR01) central management and services.

I welcome back Minister Reiter. And you've got some new officials. If you want to make some introductions, this would be a good time to do so.

The Chair: — Thank you, Mr. Minister. We will proceed with questions. Mr. Wotherspoon, you may proceed.

Hon. Mr. Reiter: — I will actually introduce first, joining me at the table is our assistant deputy minister, Karen Lautsch; and I have Duane McKay from the fire commissioner's office; my chief of staff, Angela Currie's still here from previously; and I also have Keith Comstock who is also assistant deputy minister. I think I introduced those two earlier. And Jeff Markewich, also from the ministry.

Mr. Wotherspoon: — Actually, I don't have any questions at this time on this.

And I have some opening remarks I'd like to read in the record if I could, Mr. Chair.

The Chair: — No questions? Are there other, any comments or questions regarding Bill No. 117? Seeing none, we will proceed with the voting of Bill 117, *The Municipalities Consequential Amendment Act, 2013*. A bilingual bill. Starting with a short title clause 1, is that agreed?

The Chair: — Please proceed.

Some Hon. Members: — Agreed.

Hon. Mr. Reiter: — It's my pleasure to speak to the spending priorities outlined in the Ministry of Government Relations budget for 2014-15. I'd like to begin by providing a few general comments and details of the ministry's budget. I'd then be happy to address any questions.

The Chair: — Carried.

[Clause 1 agreed to.]

The Government of Saskatchewan's budget is built on the principle of steady growth, and our ministry's budget contributes to keeping Saskatchewan on the path of steady growth. Government Relations has responsibility for municipal relations, public safety, and First Nations, Métis, and Northern Affairs.

[Clauses 2 and 3 agreed to.]

The Chair: — Carried. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Municipalities Consequential Amendment Act, 2013*, a bilingual bill. Is that agreed?

Our ministry works with a diverse range of partners and stakeholders to effectively plan for and respond to the opportunities and challenges presented by economic growth, to enhance the quality of life for all Saskatchewan people, and to promote community safety. Our stakeholders are on the front line in dealing with the opportunities and challenges of growth every day in our province.

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 117, *The Municipalities Consequential Amendment Act, 2013*, a bilingual bill without amendments. Mr. Marchuk. Thank you. Is that agreed?

I'm pleased that the ministry's 2014-15 budget provides \$363.8 million in support of municipalities and northern engagement. This includes \$257 million for municipal revenue sharing: \$165.2 million for urban municipalities, including cities, town, villages, and resort villages; \$72.6 million for rural municipalities; and \$19.2 million for northern municipalities.

Some Hon. Members: — Agreed.

The Chair: — That's carried. Thank you, Mr. Minister, and committee members. That concludes our agenda for this evening. Mr. Minister, I'd like to thank you if . . . Oh, I'm sorry. We do have estimates. Okay. With that, we will take a five minute recess, and we'll be back in five.

This funding is equivalent to one full point of provincial sales tax and represents 102 per cent increase since 2007-08. All of the dollars provided through municipal revenue sharing are unconditional. This is because we, as a government, believe that municipalities are in the best position to understand and address local needs and priorities.

This allocation represents a slight decrease of 2.8 per cent from last year's record funding and is due primarily to a change in the accounting standard for PST [provincial sales tax] revenue reporting.

Additional funding highlights for municipal and northern engagement programs include \$14.7 million for municipal infrastructure investment for the Building Canada Fund-communities component, Building Canada Fund-major infrastructure component, and the Provincial-Territorial Base Fund, which represents a net reduction of \$971,000 as these programs wind down; \$56.3 million for the federal flow-through gas tax program which represents an increase of \$235,000; \$2.6 million for the Saskatchewan infrastructure growth initiative, or SIGI, which represents a decrease of \$2.7 million as the program winds down; and \$12.2 million for grants in lieu of property taxes, a decrease of \$455,000 to reflect estimated funding requirements. Funding will remain unchanged for the transit assistance for people with disabilities program, the Saskatchewan Assessment Management Agency, and for regional planning authorities.

With respect to the new Building Canada Fund, we certainly welcome the recent announcement on this renewed infrastructure initiative from Prime Minister Harper and the federal minister, Denis Lebel. We have some details indeed that need to be worked out with the federal government and those discussions will continue to take place at the officials level. What we do know is that Saskatchewan has been allocated \$437 million over a 10-year period, although it's not clear yet how much the province will receive each year. As a result this budget does not include any funding for the new Building Canada Fund. However, once funding requirements are known, we will fulfill our commitment to be a partner.

Also in our ministry budget is \$80.2 million for First Nations and Métis engagement programs: \$76.6 million for gaming agreement commitments, which represents an increase of \$3 million due to an increase in estimated profit calculations for the Saskatchewan Indian Gaming Authority, partially offset by a decrease in the estimated profit calculations for the Saskatchewan Gaming Corporation; \$435,000 for treaty land entitlement, a decrease of \$1.8 million due to completion of payments for Gordon and Pasqua First Nations.

The remaining funding represents estimated requirements for tax loss compensation payments, \$400,000 to support innovative community engagement projects and sponsorships to help generate better outcomes for First Nations and Métis people. Also funding will remain unchanged at \$600,000 for the First Nations and Métis Consultation Participation Fund.

Our budget dedicates \$10.2 million to deliver public safety programs in 2014-15. This includes new funding of \$200,000 being allocated to emergency management and fire safety to provide training to government employees to enhance

emergency capacity during major emergencies in their support of municipalities. Funding commitments will be maintained at a status quo level for building standards and licensing, the provincial disaster assistance program, and for capital upgrades for the provincial public safety telecommunications network. As well, Government Relations will see an increase of 18 FTEs [full-time equivalent] representing the conversion of a number of contract staff positions in the emergency management and fire safety area.

Overall our 2014-15 Ministry of Government Relations appropriation budget is just over \$466.2 million. Of this total, 93 per cent is dedicated to grant funding for third parties, almost all of which is provided to municipalities. A total of 1 per cent is dedicated for capital asset acquisitions to the provincial public safety telecommunications network. The remaining 6 per cent is used to deliver programs through the day-to-day operations of the ministry including salary, operating, and accommodation needs.

In summary, the Ministry of Government Relations 2014-15 budget supports steady growth. It recognizes the important role our municipalities and stakeholders have on the front lines of growth and it demonstrates our commitment to ensuring that Saskatchewan communities continue to lead the growth in our province. Thank you, Mr. Chair. And now I'd be happy to answer any questions.

The Chair: — Thank you, Mr. Minister. I recognize Mr. Wotherspoon, please.

Mr. Wotherspoon: — Sure. Thanks for the minister. Thank you to all the officials that are here tonight to provide answers as it relates to the budget and plan for the upcoming year and the estimates before us here tonight.

Just to get a couple of questions here about lean. To the minister: what's been allocated within his budget for lean or lean-specific exercises and activities?

Hon. Mr. Reiter: — If I could, Mr. Chair, while our ministry officials get those numbers for you, Mr. Wotherspoon, I'd also like to thank you. I understand that arrangements were made previously that, on the First Nations and Métis portion of our ministry, that those questions will be for the next meeting, that you'd agreed to that. That way, we could allow those ministry officials to go home. So I want to thank you for that. And we'll get your answers for lean right away.

Mr. Wotherspoon: — Right. Sure.

Hon. Mr. Reiter: — Ministry officials tell me, Mr. Wotherspoon, that there's nothing budgeted in 2014-15 for lean. There was a lean project, however — and I thought this might interest you — undertaken in the PDAP part of our organization last year.

Mr. Wotherspoon: — So maybe just on that, if the minister can clarify the extent of the project in PDAP and the resources that were extended that way. And yes, I'll go there and then I have another question.

Hon. Mr. Reiter: — I'll get our assistant deputy, Karen, to

answer that.

Ms. Lautsch: — It's Karen Lautsch. In the project that we completed on lean in our PDAP program, we used our existing staff resources that we have within the ministry to work through the project and one consultant that was paid for for that particular project who provides just some advice to the ministry as they're doing a project.

In total the ministry paid \$6,250 for the project and it is complete. It was a value stream mapping event, and that is an event where you look at your current processes that you're currently working though to see if you can identify ways of doing processes better. Is there anything that you can do that's redundant that you no longer need to do? Is there value added in the things that you are doing from a customer's point of view, from a client's point of view to see, always with the view to how can we improve this process going forward, and look to kind of instilling a thought process also of continuous improvement in how we do our work.

So that was done, and the recommendations from that are certainly being implemented and moving forward.

Mr. Wotherspoon: — And who was the consultant that was engaged?

Ms. Lautsch: — Westmark Consulting.

Mr. Wotherspoon: — And the \$6,252, does that include the time of staff, the civil service that were engaged?

Ms. Lautsch: — No, it would not. Those would be staff on regular work hours. So there would be no incremental costs associated with that. We don't have backfill costs or anything like that. So it's just our regular staff time.

Mr. Wotherspoon: — Sure, but just the, you know, you have the allocation of FTEs and the cost that goes with it. So would you be able to estimate the amount of time that those civil servants were engaged in the lean exercises?

Ms. Lautsch: — It was a four-day event in terms of looking at our current status. So what we want to do in that four-day process is to make sure that you carefully map out what your current process is and make sure you clearly understand what your current process is and then spend a bit of time looking at that to see where you want to be in the future, so about a four-day process to do that. And you want to involve front-line staff. So we had 10 of our front-line staff involved for those four days.

Mr. Wotherspoon: — So four days and 10 staff. Thank you very much. And so does that encompass all of the expenses taken on by lean in the past few years? That was last year. Were there costs over the past few years also for lean?

Ms. Lautsch: — In terms of our costs in the past little while, we've been modestly investing in our project with lean. We, in addition to the one we had in . . . to one I just talked about in terms of PDAP, we've spent \$8,000 on training for our staff and also \$14,000 which included the event. So 14,000 including our event in 2013 in total. So 14,000 and 8,000 for training.

[21:45]

Mr. Wotherspoon: — And then as well as the 6,000 from the other project and the 40 days of staff. Is that correct?

Ms. Lautsch: — So four days of staff.

Mr. Wotherspoon: — Like, sorry. Four times 10 I was doing. Like the 40 . . . I was just trying to break it out of, like, what it would be out of an FTE.

Ms. Lautsch: — Fair enough.

Mr. Wotherspoon: — Yes.

Ms. Lautsch: — Sorry. It's a total of 14,000 including the 6 and the 8.

Mr. Wotherspoon: — Okay. Including the 6 and the 8. And Westmark Consulting, who are they?

Ms. Lautsch: — They are a company that specializes in lean.

Mr. Wotherspoon: — And where are they located?

Ms. Lautsch: — I'll have to check.

Hon. Mr. Reiter: — Officials tell me from Vancouver.

Mr. Wotherspoon: — From Vancouver. Are there . . . I don't know all the terminology for these things, I know it's more the Premier's thing, but are they approved black belt? Do you know? Do you know what class they are or what colour of belt?

Hon. Mr. Reiter: — To the specific credentials, you know, we're not able to answer that. What it would do, I would just point though, that this is . . . The work they've done in our ministry is sort of part of the broader initiative. And I point back to a news release that was done back in June of 2010 that speaks to this. And it says:

Staff from Ministries will be trained in Lean techniques, and will incorporate those techniques into the workplace. The Public Service Commission will be working with Westmark Consulting . . . from Vancouver, B.C. to provide training and support for Ministries not already undertaking Lean initiatives. Enterprise Saskatchewan and the Ministries of Health and Government Services have already begun Lean initiatives.

That's from a news release in June of 2010.

Mr. Wotherspoon: — No. Thank you. Thank you for that. And do you know who the principals are of that consulting firm? Or who the owners are, proprietors are?

Hon. Mr. Reiter: — I am not aware, no.

Mr. Wotherspoon: — Could you endeavour to provide that back to the committee?

Hon. Mr. Reiter: — Sure. I will ask our officials to see if they can provide that to you.

Mr. Wotherspoon: — Thanks so much. And then maybe just on the other piece too. I don't know all the different belt coloration statuses that you can achieve, but just if it could be noted what status they have in the whole lean process.

Just moving on to the changes in FTEs. I see an increase here in FTEs. Just wondering specifically if you could speak to the areas that you're increasing FTEs in, and then if there are certain portions of your ministry that you're decreasing them. Just the changes that are being made, and to justify those changes.

Hon. Mr. Reiter: — I am going to get our deputy, Al Hilton, to speak to that in a minute in more detail. But essentially I believe that's all in one area and status quo I believe otherwise. But I will get Al to provide the specifics on that.

Mr. Hilton: — Al Hilton. You may recall in Public Accounts I talked about some direction that we got from occupational health and safety about converting contract employees to permanent, full-time equivalents in the public service. So the 18 FTEs that you see increased in our budget this year is a consequence of that direction. So what we're doing is we're taking 18 staff that were previously contract employees and we're making them part of the public service. And that's all in the emergency management and fire safety area.

Mr. Wotherspoon: — I remember this conversation. No, that's good. Thank you. And there's no reductions in FTEs in certain components.

Mr. Hilton: — Al Hilton. No, there's no reductions in FTEs in other parts of the ministry.

Mr. Wotherspoon: — As far as secondments, are there staff currently being seconded or that are going to be seconded to Executive Council?

Mr. Hilton: — Actually we have one individual who's been seconded to Executive Council. And it's a bit of a coincidence because when I was in Public Accounts here not so long ago, I was asked about rules around ending people's privileges to computer access and things like that. And I used an example of if a certain staff was seconded for example to the Provincial Auditor or Executive Council, I wouldn't be too . . . I wouldn't be ultimately concerned about ending that person's privileges in a day or two. And that's actually the person that's been seconded to Executive Council.

Mr. Wotherspoon: — So has that person's privileges now been . . .

Mr. Hilton: — Since she's gone to Executive Council, I don't think she has any privileges left at our ministry now. I'm only kidding of course.

Mr. Wotherspoon: — What about sort of travel and conferences within the, across the ministry right now, is that up in the year ahead or is that down? Or are there any undertakings on these fronts within the ministry that you'd like to speak to?

Mr. Hilton: — Al Hilton. We don't expect any increase in travel in '14-15.

Mr. Wotherspoon: — Just I guess as it relates to the minister's travel, could the minister just report if he was out of country last year for any travel and if he intends to be out of country this year for travel and just for what purposes.

Hon. Mr. Reiter: — We're just checking records. I don't believe I was out of country for travel last year, and I don't anticipate anything this year unless something changes.

Mr. Wotherspoon: — Okay. As far as private contractors and the role of private contractors and any trends or changes in your ministry, there was the discussion about I guess individuals that would have been characterized as private contractors I believe that have been brought back into the fold. That was the discussion from Public Accounts. Are there other changes in the past year? And then in the current year ahead, to do the opposite, have individuals or roles that have been fulfilled by civil servants provided by private contractors?

Mr. Hilton: — Al Hilton. No.

Mr. Wotherspoon: — Over the past few years, has there been changes to that private contracting arrangement as far as the amount that's been spent for private contracts and a shift on that front, or has it been pretty much the same over the past few years as far as who delivers what roles?

Mr. Hilton: — Al Hilton. I think what you saw in 2011, given the flooding situation, we would have spiked in terms of contractors. Other than that I think there's a fairly consistent pattern. I haven't noticed any spike one way or the other over the last few years.

Mr. Wotherspoon: — How much is the ministry spending on advertising in the current year, and how much did they spend last year?

Hon. Mr. Reiter: — Can I get you to clarify on what you mean by advertising? Because essentially if there's things like, for instance we do some promotion on for example fire safety week, that sort of thing. But in kind of, sort of the traditional sense of the word advertising — our officials are just talking here — we're thinking we do sort of very little or essentially none. So if I could just get you to clarify what you mean by that.

[22:00]

Mr. Wotherspoon: — I guess it'd be more the public communications that you're doing that comes at a cost, that sort of advertising. And you might not be, and maybe you're in a position to speak to it right now, which would be good, but you could also endeavour to provide that information back, just breaking out what the expenditure was and then the purpose of it — so communicating fire safety or warning residents of certain precautions they need to take if high water is moving along — and then any other public advertising or expenditures that are broken out and just specifically then what it was for and the duration.

Hon. Mr. Reiter: — I'll ask ministry officials to provide a response to you.

Mr. Wotherspoon: — Thank you very much. Are there any assets within the ministry or in control of the ministry that you're considering selling or that you will be selling this year?

Hon. Mr. Reiter: — No, there's no plans to.

Mr. Wotherspoon: — As far as consideration of P3s [public-private partnership], are there certain projects connected to your ministry? I guess it depends on how you look at that. I think probably with some of the municipal partners there probably are some projects that are being considered as P3s. But if you could just expand and speak to all the projects that your ministry touches that are considering P3s.

Hon. Mr. Reiter: — To your question of P3s, there is nothing internally planned in the ministry, sort of, as for ministry assets. There would though, sort of for full disclosure, and I think that's what you were alluding to, there's a new federal suite of infrastructure programs coming on stream. There's P3 components involved potentially in some of those if there were municipal projects that were accepted under that program. These are a lot of what-ifs because, you know, we don't know the details of that federal program yet, but there, you know, is potential for a sort of provincial funding, grant funding of some form in a municipal P3.

Mr. Wotherspoon: — Thanks for that answer. Now just as it relates to those projects, could you just highlight the projects that would be in potential consideration for P3s with the municipal partners across the province?

Hon. Mr. Reiter: — You know, I wouldn't be able to because there's, you know, there's some high-profile ones that have been sort of, kind of out in the media, but again there's been sort of no applications out for municipalities right now under the infrastructure program. It's all very new. Discussions are still going on between our officials and federal officials and details are being worked out. So again we don't sort of have a queue of municipalities with projects sort of at the ready.

We have municipalities, we know there's plenty of municipalities out there that want to do projects but . . . and I'm speaking not necessarily just P3s now. I'm speaking P3s and conventional. But again applications aren't even sort of . . . the municipalities haven't had an opportunity to submit yet.

Mr. Wotherspoon: — But various communities have indicated I'm sure, to you or your officials, that they may be looking at some of the application processes with the federal government and then potentially with your government as a partner.

Hon. Mr. Reiter: — I think it's been sort of no secret. Many municipalities, I would say the majority of municipalities in the province have been looking forward to the announcements of the federal program, waiting for the details because there's, as you know, there's a pent-up demand to do infrastructure projects in the province. And I would assume that there'll be many, many applications once we get to that stage.

Mr. Wotherspoon: — Is it a concern from your perspective as minister when the federal government dictates terms around P3s or may only provide funding to municipalities here in Saskatchewan if they go the P3 route? Is that a concern to you

as minister? Or do you think it's appropriate for the federal government to do that?

Hon. Mr. Reiter: — I think what you're speaking to is there's a threshold in the new suite of programs that once a dollar amount reaches a certain threshold that the federal government's going to require it to be put through a P3 lens. I actually don't have a big concern with that. I think it doesn't hurt to consider sort of all the options and that includes a P3.

Mr. Wotherspoon: — If the federal government will only provide dollars to . . . You know, we have our local leaders that are elected, you know, across the province. If the federal government will only provide dollars, you know, conditional that they do it through a P3 route, do you find that acceptable?

Hon. Mr. Reiter: — Well you're getting into a lot of what ifs here. You know, as I mentioned, I assume you're referring to the threshold, and I don't recall the dollar amount offhand. It's pretty significant that the federal government's saying anything over that amount would have to be put through a P3 lens. I would think when you're doing a dollar amount that, you know, is substantial, I don't think it's unreasonable for a senior government to suggest that they want sort of all considerations to be included.

Mr. Wotherspoon: — All considerations is one thing, but I think what it seems is that the federal government's rather intent on P3s as sort of the preferred choice and then potentially withholding dollars to local municipalities. And I guess certainly we think that, as the official opposition, that it's wrong for a federal government to dictate those terms to locally elected leaders in this province. And I would just look to you as minister moving forward to, I guess, for your commitment on this front and your voice on this front with the federal government.

Hon. Mr. Reiter: — I guess I'm confused about the opposition's position on this. I was under the impression that, with the exception of the member from Athabasca, I was under the impression that you were opposed to P3s generally, but now you're saying that's not the case.

Mr. Wotherspoon: — The concern is when you have another level of government, a federal government dictating terms, you know, across the province. I think that if you're going to be utilizing a P3 that there needs to be accountability and transparency back to the public, full disclosure on those fronts. And I think it's absolutely wrong for a federal government to tie the hands of municipalities here in Saskatchewan, or a provincial government to tie the hands of municipalities from making their preferred choice based on all the data, all the information, and what works best for them.

Hon. Mr. Reiter: — I don't understand your point about transparency. Just because a P3 is used, I don't think it takes away from transparency of a project. I get that, from an ideological standpoint, you're opposed to that. That's certainly your right to do that, but I don't understand your point on how somehow if a P3 is used that that takes away from transparency.

Mr. Wotherspoon: — Okay. Well I think you'll have to come up to speed on this file and quickly. And certainly we don't

oppose it on ideological grounds. We have concerns over P3s and the lack of accountability that's often in place and the very common sense concerns of citizens and business owners and economists as it relates to the structures of this debt, the higher cost structures in many ways that are built in with that debt, and the disclosure back to the public.

But my question back to you as the minister was, do you find it acceptable for the federal government to provide dollars conditional to it being chosen as a P3, or would you see that as unacceptable moving forward? Should all options be on the table to building the infrastructure that Saskatchewan needs, and should the elected municipal leaders across the province have a say in that and have those options available?

Hon. Mr. Reiter: — I think I've answered that question twice already. I've spoke to the threshold that the federal government set, and anything above that our understanding is that it has to go through a P3 lens. I'm fine with that. I don't have any quarrel with that. But your point of saying that it's not an ideological issue, to me, that just frankly just sounded like an ideological event. So I think we'll probably just need to agree to disagree.

Mr. Wotherspoon: — So the ideological piece that you're putting there, of course it seems I think, you know, many, many individuals will highlight the common sense concerns around P3s, around cost structures and debt from an economics perspective. That's the kind of grounds that we enter into this discussion.

And you know, again we can spend significant more time, and we probably will, in these estimates on this approach to building infrastructure. But I'm concerned with you sort of making this a simplistic partisan discussion when it shouldn't be. This should be about the dollars and cents. This should be about value for money. This should be about making sure that we build the infrastructures that our growing communities need in the most effective, most affordable way that not only serves us today but served us for generations forward.

And you know, I'm disappointed with some of your responses just right now. Now my question was, is the minister concerned about dollars being conditional to . . . It wasn't about lenses. It wasn't about screens. It was, is the minister concerned about dollars from the federal government coming with terms being dictated as to what those be used for, such as that they only can be used for P3 projects?

Hon. Mr. Reiter: — Well I guess just because you take five minutes in a question and hit several different points along the way, doesn't mean that I accept all the points that you've made up until the last question. And I would suggest that, in my view . . . You talk about me turning it into a partisan argument. I would suggest that you, sir, are the one that did that, not me. Now I've answered the question several times. I guess you're not getting the answer that you want, but so be it.

It's not unusual in the case of senior governments, in this case the federal government, setting criteria for grant programs. And as I mentioned before, discussions are ongoing between our officials and federal officials, and I hope those wrap up quickly because I would like to start getting infrastructure projects in

this province under way. I'm concerned about the time it's taking. But to your point, I mean you can keep asking the same question over and over, but I've answered it over and over.

Mr. Wotherspoon: — Well I think anyone who's observing the estimates tonight will be able to observe what was going on. The question was clear about whether you have concerns with federal government dictating P3s and dollars being contingent to the utilization of P3s, and you as the minister respecting our democratically elected municipal leaders across the province . . .

The Chair: — Mr. Wotherspoon, do you have a question you'd like to continue with?

Mr. Wotherspoon: — So we're talking about something that's billions of dollars. We're talking about municipalities who need infrastructure built today, and we're talking about something that has a significant impact well into the future and needing to make sure that those municipalities have the dollars.

[22:15]

And even really what we see in the last year or two here is a federal and provincial government actually sitting on the sidelines and not assisting in building the infrastructure that our communities need across the province. So these are important discussions, and I'd find it awfully strange if we can't ask questions as it relates to the billions of dollars of infrastructure spending for municipalities and the infrastructure spending in this case — and let's just shift gears too — that's not happening at the level that's needed right now for municipalities.

So maybe I'd look to the minister to speak just to the infrastructure funding piece. He knows the importance of this to municipalities. What sort of programs are you bringing to the table? What sort of resources this year to assist in addressing municipalities' needs this year?

Hon. Mr. Reiter: — I would first of all back up to before . . . I wouldn't even frankly call that a question. It was a long-winded rant followed by a question with some points that I just frankly do take exception to. Your comment about this government, I'm not sure of the exact wording you used, but somehow not assisting municipalities, is just absolute nonsense. I spent my career in the municipal sector and I saw what 16 years of NDP [New Democratic Party] government did to the municipal sector.

Mr. Wotherspoon: — Stick to the numbers and the plan.

Hon. Mr. Reiter: — No, you went off topic, so I think I have a right to do a background on this . . . [inaudible interjection] . . . Well I will then. Then quit interrupting and let me answer the question. I didn't interrupt you.

Mr. Wotherspoon: — Go ahead.

Hon. Mr. Reiter: — I watched what 16 years of NDP government did to municipal government in this province, and frankly it was a disgrace. And for you somehow to hold yourself out now as a champion of municipalities is just absolute nonsense. You have no credibility with municipalities

in this province. Municipalities in this province saw what your party did to this province.

As far as support for municipalities, we have record levels of revenue sharing, unheard of during the tenure of the NDP government. As far as infrastructure, we've done the SIGI program, participated in the last federal suite of programs for infrastructure. We're going to participate in the upcoming one.

Absolutely there's a demand for infrastructure in this province. And do you know why? Because this province is growing, something it never did under an NDP government, in large part — due to some good fortune as well — but in large part due to initiatives by this government to make this an enterprise-friendly province instead of what the NDP did in planning for decline for many years. And frankly I'll take no lessons from you on how to treat municipalities in this province.

Mr. Wotherspoon: — Simplistic, partisan, ignorant. We have municipal leaders that . . . What we have is municipal leaders that deserve a discussion about their budget before us. If you want to talk about 16 years this and that, you know, go chat with who you want to about that.

But what we have right now is a growing province and municipalities that have needs, infrastructure that needs to be addressed. And when you sit with these municipal leaders, with these mayors and councils, with these reeves and councils across Saskatchewan, they have a lot of needs to be addressed. And we have a growing province, and we need to make sure that our municipal leaders are clear in the commitment from the government federally and provincially as it relates to the programs to support the infrastructure needs in the province. Of course that includes infrastructure renewal, but it also includes infrastructure to meet the needs of growing communities, which is an exciting thing, but it does require plans and resources.

So let's just focus back in on the actual plans and if you can speak to what plans your ministry has, what resources it's making available for infrastructure needs of the communities across Saskatchewan in the current fiscal year.

Hon. Mr. Reiter: — In this year's budget, there'll be 451,000 under the PT [Provincial-Territorial] Base Fund. Also under the Building Canada Fund there'll be \$2.7 million. That's the major infrastructure component. Under the communities component there's about eleven and a half million. And there's also just over two and a half million under the Saskatchewan infrastructure growth initiative. Those essentially, all those programs are sort of into the windup phase of what's going to happen there.

As far as the new program, what we are aware of is that there'll be about \$437 million allocated to Saskatchewan over a 10-year period. And then there's also going to be a \$4 billion national infrastructure component that it'll essentially be a competition that we will, you know, it's our intention that we'll be moving some projects forward to compete for some of that money as well.

Mr. Wotherspoon: — The 437 million that's referenced, that's the federal dollars that you're referencing. Is that correct?

Hon. Mr. Reiter: — Yes, that's right.

Mr. Wotherspoon: — So where are the dollars here for matching dollars to flow here in this budget year?

Hon. Mr. Reiter: — You know, as I mentioned in my opening remarks, we're not sure how much will flow this year. So you know, we've made it clear we're going to be a partner. But you know, we don't know how many dollars will flow this year, so we'll have to wait and see what happens.

Mr. Wotherspoon: — Have you heard the concerns? I know I've met with many municipal leaders, many mayors and councils, reeves and councils. Many have been concerned with the dollars that didn't flow last year and sort of Building Canada coming to sort of its end, not being in place last year. And I think their feeling is that they're growing now, that the needs are before them now. And whether it's infrastructure renewal as far as wastewater or water or whether it's, you know, costs associated with growth for those municipalities, it's now that they're growing. Are you hearing those concerns?

I mean I'm hearing them in a pretty direct, unfiltered way as far as the concerns on the ground and the need for infrastructure. And there is a lot of concern that there wasn't, you know, enough done last year. And I know that's where the federal government, you know, wasn't participating to the same extent. The provincial government, it seemed to me — correct me if I'm wrong — wasn't participating at a level that was needed. And now it's a concern this year that we don't even see the dollar dedicated in this budget for infrastructure in a meaningful way to be partnering either with the federal dollar or to be meeting the needs of those municipalities.

Hon. Mr. Reiter: — Well I'm not clear in your point to last year because, you know, the sort of current — or previous, I guess if you will — infrastructure program was still under way. So I'm not clear on what the concerns you were hearing were there.

The concerns I've been hearing from the municipal sector frankly revolve around, as that program winds down, is about this year, the current year and the upcoming construction year and the fact that, you know, there's concerns that the delay will mean some projects won't be able to get off the ground this year. I've heard that from a number of municipalities, municipal associations. And I do share those concerns. I would have preferred to see the details be worked out earlier so that projects could be in the planning stages of getting under way as soon as the weather is conducive. So like I said, municipal associations have expressed those concerns to me, and I do share those concerns.

Mr. Wotherspoon: — No, it's a big concern because here they are; we're coming through another melt here, another building season. And I know there's concerns about the lost opportunity and being able to address those needs.

And then there's also the pressure of municipalities being forced to go at it sort of alone. And that goes directly onto the backs of course of, you know, property tax payers — families and businesses. And you know, I'm always mindful of what I hear from municipalities. And maybe I'll just get your

perspective on it, Mr. Minister, is that they only receive 8 cents of every tax dollar, and then of course they're quite constrained by way of only having the one revenue tool, property taxes. And so they're in a bit of a . . . in quite a hard spot when they have a lot of needs to be addressed. What's your perspective on that 8 cents?

Hon. Mr. Reiter: — The 8 cents on the dollar you referred to I think is an often-quoted report done by the Federation of Canadian Municipalities some years ago. What it doesn't account for though, my understanding is it doesn't account for transfers from senior governments. So I believe another study was done by another organization that suggested that probably the amount is actually closer to 15 cents on the dollar when all those factors are included.

I would just point out too, not just what's been done in the last few years in the province on infrastructure programs but specifically to municipal revenue sharing because that wouldn't be accounted for in there. The municipal revenue-sharing program in Saskatchewan, and I hear this from municipal leaders in the province, leaders of municipal associations that tell me that frankly it's the envy of municipal associations across the country. So I would suggest to you that probably, you know, that dollar figure from municipalities, I would suggest that municipalities in Saskatchewan are faring better than the rest of the municipalities across the country.

[22:30]

Mr. Wotherspoon: — We can come back to infrastructure, but just you've touched on the municipal revenue sharing. And certainly it's an important piece for predictable stable funding to municipalities. It's a concern in the current year. And if I back it up a couple of years ago, sitting in committee there were changes in that year to remove I think it was a low-income tax credit from the PST pool, which after the revenue-sharing agreement had been struck, that change occurred which reduced the pool of dollars then to be shared.

And at that time we raised the concern. It was sort of brushed off as something that would be addressed over the next couple of years. We had followed up on it, and it hasn't been addressed. And of course the impact is occurring in this fiscal year for municipalities, and the impact is there for ratepayers.

I guess just to the minister: had you considered various plans to keep revenue sharing, or something in place to keep the agreement whole, if you will, as to what had been agreed to a couple of years ago? And I know that's the discussion we had a couple of years ago, and it seemed as though there was a willingness or a desire at that point to keep that agreement whole and to do something to mitigate the impact of the reduced pool of revenues to be shared.

Hon. Mr. Reiter: — You know, that's a valid concern. I remember the committee meeting that you're speaking about. It was a discussion between yourself and the Finance minister. I wouldn't . . . I guess I would just portray it a little bit different. I wouldn't say keeping it whole. The agreement all along spoke to being one point on the PST. Public sector accounting principles have dictated that the change needed to be made, the change just as you indicated.

You know, I've had over the last year or so, I guess, I've had a number of discussions with municipal associations about that. Obviously I come from the municipal sector. You'd always like to get more grant money. There's always places that you could use it. But you know, I think they recognize what the situation is. They recognize the economy's still strong. And you know, the sort of estimates going forward are that the PST revenue will continue to increase, and this is sort of a small one-time issue that is going to see municipalities returning back to increased levels of revenue sharing.

The Chair: — Thank you, Mr. Minister. This being past the time of the agreed-upon time, I'd like to conclude. Thank you to you and your officials.

Before we conclude, I would just like to make one comment. And I'd ask Mr. Wotherspoon to make an apology for remarks he made regarding ignorance toward the minister and the officials. If you would do that now, I'd appreciate it . . . [inaudible] . . . to do an apology.

Mr. Wotherspoon: — So I would, if the concern is . . . Certainly there was no intent towards any officials in here. And was the concern over the statement back to the minister?

The Chair: — Is that an apology?

Mr. Wotherspoon: — I would withdraw a statement that would be perceived to attack the integrity of the minister and apologize if that's the case. Now you haven't been clear about which statement that was, but I would certainly . . . And we'll have questions moving forward.

I just would like to say to the minister, thank you for being here tonight. We'll have more good debate and heated debate maybe but good discussion. And thank you to all the officials that are here tonight. I know we have many more hours of these estimates.

Hon. Mr. Reiter: — And, Mr. Chair, if I could, I'd like to thank the committee members and also all the officials for being here tonight and Mr. Wotherspoon for the questions. And I look forward to this continuing. Thank you.

The Chair: — Thank you. We will adjourn consideration of estimates to the call of the Chair. Thank you.

[The committee adjourned at 22:34.]