



# **STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND JUSTICE**

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**STANDING COMMITTEE ON INTERGOVERNMENTAL  
AFFAIRS AND JUSTICE**

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Mr. Eric Olauson  
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Ms. Laura Ross  
Regina Rochdale

Mr. Corey Tochor  
Saskatoon Eastview

[The committee met at 08:00.]

**The Chair:** — Well good morning, everybody. It's a nice, sunny morning out there, and I wish to say hello to everybody who's watching this on television. This is the Chair of Intergov, and I would like to welcome all the members. I'm Fred Bradshaw, the Chair. Substituting for Buckley Belanger, we have Nicole Rancourt. We have Mr. Francis, Mr. Nerlien, Mr. Olauson, Ms. Ross, and Mr. Tochor.

This morning the committee will be considering Bill No. 111, *The Municipal Tax Sharing (Potash) Amendment Act, 2017* and Bill No. 113, *The Planning and Development Amendment Act, 2017*.

**Bill No. 111 — *The Municipal Tax Sharing (Potash) Amendment Act, 2017***

**Clause 1**

**The Chair:** — We will now be considering Bill No. 111, *The Municipal Tax Sharing (Potash) Amendment Act, 2017* and will begin our consideration of clause 1, short title. Minister Kaeding, if you would introduce your officials and make your opening remarks. I would also like to remind the officials that when you speak, could you please say your name for *Hansard*.

And for those who are watching on TV, the minister looks very similar to myself. Now he's minister, I am Chair, but we call one another, he's brother Warren and I'm brother Fred. So anyway, I just thought I would bring that up.

**Hon. Mr. Kaeding:** — Good morning, everyone. So yes, good morning, brother Fred. It sounds like a western movie or something. Anyway, I'd like to thank everyone for joining us this morning at the early hour. It's when everybody's fresh. So just to introduce the officials we've got with us this morning, so we've got Tammy Kirkland, our deputy minister; Elissa Aitken; Norm Magnin; and Tyffany Amy. So this is our cast of all-stars that have all the answers for us this morning.

Up for discussion today are proposed amendments to *The Municipal Tax Sharing (Potash) Act*. So what does this Act do? The Act governs the distribution of municipal property tax revenues paid by potash mines to municipalities in the province. Rather than a single municipality receiving all the municipal property tax revenue from a potash mine, the Act creates a system where the revenue is distributed to multiple municipalities in an area around the mine.

So this only applies to municipal property taxes that are already collected at a municipal level. This does not deal with resource revenue sharing or apply to education property tax.

The Act establishes the Municipal Potash Tax Sharing Administration Board and specifies how the board is to handle the redistribution of municipal property taxes to participating municipalities. The Ministry of Government Relations has been working with both municipal and potash sector stakeholders on the development of this bill since the fall of 2015. The Act was extremely out of date, and the proposed changes reflected in the bill will help modernize the Act and make it easier to read. I

will not go into the finer details of the amendments as they were already covered in the second reading speech, but I will highlight the major administrative changes once again.

Regards the calculations, one of the primary reasons for amending the Act is to clarify how mill rates are to be calculated by the Municipal Potash Tax Sharing Administration Board. This resulted in the addition of the actual municipal mill rate definition. The definition establishes a standard mill rate formula for all municipalities. This is being done to make potash tax sharing as equitable as possible for potash mines and municipalities and make the calculations easy to understand for future board members.

Another change related to calculations is that the bill proposes adding a section to account for year-to-year changes in tax assessment during a re-evaluation year. Previously it was unclear how new additions were to be handled, since legislation was silent on the issue. Now it is clear what the process will be, and the board can follow these rules in the future.

Another proposed change is the addition of resort villages to the definition of urban municipality. Currently towns and villages are the only urban municipalities able to participate in municipal potash tax sharing. The request to add resort villages came from the Saskatchewan Urban Municipalities Association, and government agrees that resort villages should no longer be excluded.

The remainder of the major changes deal with the administration of the Municipal Potash Tax Sharing Administration Board. First, board member terms are increased from one to two years. This change is both practical and improves administrative efficiency. Second is the expansion of the board from three to five members. Both SUMA [Saskatchewan Urban Municipalities Association] and the potash industry will now be included in the administration board. The province is accommodating SUMA's request, and the main reason for the change is to increase transparency. Even though the board is an administration board where actions must follow legislation and regulations, it will be beneficial to have both SUMA and a potash industry representative to participate and observe the process.

Finally, Mr. Chair, consequential amendments will also be made to *The Municipalities Act*. They are small changes that simply indicate the board will receive a copy of an appeal decision related to potash mine assessments in order to properly carry out board business.

Mr. Chair, this concludes my summary of Bill 111, *The Municipal Tax Sharing (Potash) Amendment Act, 2017*. I look forward to addressing questions.

**The Chair:** — Well thank you, Minister. Are there any questions? Ms. Rancourt.

**Ms. Rancourt:** — Yes, thank you. And first of all I want to start off with thanking the officials for being here today. I know we originally had our meeting set on a day that we had a bizarre power outage that happened here, and so our evening plans changed to an early morning meeting. So thank you for making

the arrangements. And I know it was based on short notice, so thank you again.

And we met just recently. It's been a busy spring session with the budget and now some bill discussions, so it's a great opportunity for us to have more discussion with some specific items with regards to municipal affairs. I have to say, and probably most people here, it's tough on a first thing on a Monday morning when it's beautiful out there to come and start talking about some of this important legislation, but it's important to have these discussions. So thank you again for being here today.

My first question is, my understanding is the purpose of this municipal tax-sharing legislation was created so that the redistribution of municipal taxes could be shared by many municipalities. But my question is, what exactly is that tax revenue intended for with regards to municipalities?

**Hon. Mr. Kaeding:** — So when the municipalities receive these funds, they're unconditional. They're free to do whatever they believe necessary to run their municipalities. So they can invest in infrastructure. They can use for operational. It's strictly unencumbered with no intentions put forward by us, certainly as to where they need to spend it.

**Ms. Rancourt:** — And right now we're talking about the potash municipal tax-sharing Act, but do other resources, any other mines and such, do they also do this type of distribution of municipal taxes?

**Hon. Mr. Kaeding:** — This is actually unique to potash, so no other resources would have this similar agreement.

**Ms. Rancourt:** — So why was it decided to have this unique to potash and not include the other resources?

**Hon. Mr. Kaeding:** — So this decision actually predates virtually everyone in this room. It started in the '70s as the potash sector was deemed to be, you know, a viable resource in the province. And various organizations at the time, SARM [Saskatchewan Association of Rural Municipalities], SUMA came to the government and said this would be a great idea if we shared some of the resource revenue with, or some of the tax revenue with the municipalities in the area. So they came up with a formula and agreement, and that's been in place virtually since the '70s, since really the advent of the potash mining industry in Saskatchewan. So as to why other industries are not included, we're unsure.

**Ms. Rancourt:** — Do you know if there was any consideration to have other industries included?

**Hon. Mr. Kaeding:** — As far as we're aware, no.

**Ms. Rancourt:** — And so what was the reason or purpose to make changes to this bill at this time?

**Hon. Mr. Kaeding:** — I guess probably the impetus to modernize the Act — and that's certainly one aspect that we always want to do, is try and ensure that we've got the most modern wording and texting and applications in here — really was two new greenfield mines coming on board. And we

haven't had that in this province since the '70s, so it was really the motivation to improve and modernize the Act.

And some of the reasons why we went through, in the initial preamble, was just to clarify a few points that maybe had some loose interpretations on, adding resort villages at the time were not considered anywhere where anybody lived permanently. Now that's changed in the last 40-some years. You know, just changing some of the verbiage of the Act to modernize it. And as well, there was some input with the stakeholders asking to increase the board size and just have a better representation on the board with the various municipality factors. So those would be some of the reasons and rationale why.

**Ms. Rancourt:** — So can you outline on how consultation was completed with stakeholders, and give me a bit of an outline of when those dates happened?

**Mr. Magnin:** — Norm Magnin, director of property assessment and taxation. The consultations actually started after 2014. What happened was I joined the board as the member for the province, and we re-examined the calculations and how the Act was written. And one of the things we noted was that there was an irregularity on how mill rate factors were being applied. In other words, they were being applied, which theoretically based on the Act, they shouldn't have been. So we decided that, based on that interpretation, it should be removed from the calculations because it allowed municipalities to collect more from the potash industry than probably they should have been.

So the board at the time decided to go, basically do a road show out to all the areas where the municipalities were so we could explain what the Act was doing. We could go through and mention the changes. It was also a revaluation year. The potash Act has a unique provision where the monies don't change in a revaluation year. So if it was 20 million before the revaluation, it's 20 million after, irrespective of what happens to the taxation just because it would be too difficult to calculate otherwise.

So we went out and we started discussions. We heard from a lot of people in a lot of the sectors. Definitely from the urban side, we had already had meetings at SUMA conventions where delegates would come and meet with prior ministers and they would ask about changing (a) the board composition and getting a board member, and (b) would be changing the percentage of 90 per cent for rural and 10 per cent for urbans. So we had heard that from them.

When we went out on the road, we heard certainly from all the municipalities because they were all involved, in terms of how they thought municipalities . . . Certainly the host municipalities thought they should get more. Most were in favour and actually scared that if we opened up the bill or the Act that it would be removed and they would lose the benefit they're getting from a 20-mile radius, because they knew it's unique to the province and actually unique in Canada as a tax-sharing measure, so municipalities didn't want to see that get messed up.

[08:15]

But there were a lot of things that were dated that we needed to get rectified as mentioned by the minister. Once we had done those consultations in 2015, then we started really looking at

modernizing it. Because it was 40 years out, even the legislature was saying, hey you guys got to take a look at this. We cleaned up the regulations last fall, so that's been done. As mentioned, K+S was also coming online. So we went out and we met with SUMA and SARM and the potash industry on numerous occasions, talking to them and saying, what's your position on each of these instances?

The potash industry, God bless them, you know, they're paying a hefty share of property tax. And you know, their consideration was sort of abandoning the bill, but again it's such an important revenue stream to municipalities that that's not prudent. But we listened to them. We met . . . actually they met with — how many ministers have there been since? — the three ministers. I think that potash always reintroduces themselves and meets with the new minister, and basically they discussed about getting a member on the board as well.

What we've really learned over all our consultations, over two years of doing extensive consultations, is that information sharing is probably one of the keys. Municipalities just need to be informed well in advance what's going on and what's going to happen so they can budget appropriately. And the same with the potash industry. They wanted to get informed so we've created some legislation in here that allows the potash industry to get the mill rates in the spring, which wasn't there before, so that they can do some budgeting also.

So I mean we went out; we consulted. You know, certainly with discussions with SUMA, that's why now the board has changed from three members to five. We did a lot of the changes in the calculations to make sure there was no more confusion between the municipal Acts and the potash Act on an item such as mill rate factors. We tried to get back to the spirit and the intent of the legislation, though it's kind of difficult to get there because it was done so long ago. You know, we were lucky to find an engineer report that gave us the circles so we can understand why it's 20 miles and 10 miles. But it's this thick, so I'm not going to try to go over that.

But no, I mean, certainly all potash industry, all the stakeholders were involved. Every municipality that's in the revenue sharing community was contacted. All the local municipalities were contacted. And as mentioned, it went on for two years, and there's, you know, numerous items of correspondence that came back and forth between the municipalities and ourselves. But at a high level, that's basically what we heard. And based on what we heard, we went forward and made the changes.

You know, most of it's relatively small. We're not doing anything earth shattering here. It's basically making it stay the same so that they get the revenues they had but, you know, in most instances, unless we could come up with a sound rationale — like why would you change it to 90/10 — we didn't do it. But that was the extent of the consultations, and all of the stakeholders received a draft of the Act back before last fall and were able to see the changes that were proposed, and commented on it. And we received it and tweaked our bill so that it reflects everybody's considerations.

**Ms. Rancourt:** — So who participated with this consultation? Was it the ministry or the board? Or was it a combination?

**Mr. Magnin:** — It was solely the ministry. The board was only involved in the beginning, on doing their own. And the board went out specifically because they had to explain, because it was a \$20 million change that dropped to 15 million. So municipalities were basically losing \$5 million in revenues. So we felt it was important for us to go out and explain.

Based out of that, because I'm a board member then I went back and talked to my colleagues in the office. And that's when the ministry decided, you know, that we needed to start taking some proactive steps to do that. So the board for the most part was just a stakeholder like SUMA or SARM throughout. The board never made any positions on this because it's an administrative board. Some people don't understand necessarily what the board does, but really all the board does is take the legislation, make sure it was followed. I mean our meetings are about a half-hour, twice a year. We don't spend a lot of time doing much because it's sort of, was A times B equals C followed? Yes. Okay. Is the distribution going out as it should? Yes. We sign papers and, you know, away we go. It's not a hugely complicated process because the legislation is laid out really well for it.

But yes, so once the board had done their round of consultations and gathered that, then it was, you know, SARM all of a sudden saw . . . also needed change. So they started writing their own groundwork in trying to get the Act changed. And at that point it was purely a ministry-driven consultation process.

**Ms. Rancourt:** — And you were saying that the potash mines pay a hefty amount in municipal taxes and I noticed that when looking through the literature as well. So how does this compare to other industries with regards to what they pay for municipal taxes?

**Mr. Magnin:** — I mean most industry, depending on where you're located . . . It all depends on the municipality and how they want to treat them. You know, some areas we've seen in the Northwest where the mill rates are extremely high on, say, the oil and gas industry, and they tax them at what they would feel is a punitive rate. You can go to, you know, other areas of the province where commercial, industrial isn't taxed nearly as hard.

I mean Saskatoon and Regina have made the distinct decision to try to get to the ratio of, say, 1.75 between commercial and residential. So they're trying to make sure that the commercial . . . because they want to spur economic growth. But for some municipalities that's their, you know, their only basically revenue source for commercial, industrial. So we do see them getting taxed at a higher rate.

We certainly have looked across other jurisdictions to see whether they're being taxed at a more high rate. But we don't ever come into an issue where they're not. And in fact we sort of go . . . They might not get what they want if it's just taxed within the municipality because they could end up paying more than if they were in the municipal potash tax-sharing scheme. Simply because you would switch it back to its home rural municipality doesn't mean the taxes go away. It just means it all goes to one spot. If they choose to, you know, again use the mill rate factors, that's their authority, their prerogative. There's no necessary savings tax-wise. This just, you know, takes it and

spreads it because it is such a huge assessment, so yes.

**Ms. Rancourt:** — As a province, we want to promote industry within our province because it's a big employment factor. And so if that might be, if municipal taxes might be an issue with regards to industries wanting to conduct business within the province, where does the ministry step in with talking with those municipalities and having that discussion?

**Hon. Mr. Kaeding:** — Normally we've given the municipalities a fair latitude as to what they've got and, you know, understanding what their financial needs are, but you know, we certainly don't want to put any of our industry in undue harm. So I guess we're always keeping that watchful eye that things stay within and we've worked some out with the effective mill rate that tends to, you know, put some . . . I guess some closure on kind of the outliers of where we might be when it comes to extraordinarily high taxation.

Normally we want to stay out of that process, but we are always keeping an eye as to where municipalities are headed. To date I think we've had pretty reasonable response with our municipalities and, you know, they're certainly asking for more but at the same time we're just trying to take all municipalities' needs into account and just make sure that everyone's looked after as generally as we can.

**Ms. Rancourt:** — Okay. Do you have a breakdown of how many cities, towns, villages, resort villages, and RMs [rural municipality] will benefit from the potash revenue?

**Hon. Mr. Kaeding:** — So we have that breakdown, and it's in financial statements that we table every year. I believe that's been tabled earlier in the spring, so that breakdown is available and . . . as well you would have a historical background as to what that would be as well.

**Ms. Rancourt:** — In that financial document it doesn't indicate how many resort villages will be added to this, so do you know how many resort villages will be included?

**Hon. Mr. Kaeding:** — Two.

**Ms. Rancourt:** — And with the fact that it's going to be changing from miles to kilometres, does that include any other municipalities within that catchment area?

**Hon. Mr. Kaeding:** — So all we're doing on changing miles to kilometres is 20 miles will now be referenced by 30-whatever equivalent kilometres. So we're not expanding the area. It's still that same area that it always encompassed. It's just now that that 20 miles will now be 30-some kilometres.

**Ms. Rancourt:** — So why was it decided to not expand, extend that distribution area?

**Hon. Mr. Kaeding:** — Again we're always referencing the historical document from the '70s, the engineering report. And that was how the decision was laid out at that time and we haven't seen any reason to expand that. You know, there's always a concern that when you open up, that there may be a dilution factor that, you know, that there's only so much revenue that's going to be generated from this. You open it up

to more communities, there's a chance then that there's a lot less money to go around to everyone. So even the stakeholders have, you know, kind of asked for a pause if they ever wanted to go down that direction.

**Ms. Rancourt:** — And why are cities excluded from receiving this benefit?

**Hon. Mr. Kaeding:** — So the Act has historically targeted, you know, the shared mine-tax revenues for communities under 5,000 people. It's generally been deemed that cities have been able to survive on their own. They've got a multitude of, you know, of tax opportunities, whereas the smaller communities that certainly were in the area of the potash mines didn't have as many opportunities. So it's been a traditional aspect that they've just chosen not to go down. Again, we talked about dilution factors. The concern would be if you started opening up to cities, there'd be a significant dilution of the fund to the other municipalities that were involved.

**Ms. Rancourt:** — But the reality is, is that many people who work for the potash companies oftentimes reside in those cities or receive services in the cities. And so investing in infrastructure to accommodate for that expanded growth is important also for the cities. So I was disappointed to see that they weren't included within this definition of urban municipalities.

Now you made changes to the definition of urban municipalities. Is that definition going to change in other legislation in the future?

[08:30]

**Hon. Mr. Kaeding:** — The intention of the Act was to, I guess, allow municipalities in the affected area of the potash mine to really develop infrastructure, specifically industrial infrastructure: roadways, bridges, culverts, those kind of things. So I guess when you look at residents, you know, living in a city, cities have the opportunity to generate revenue through taxes of the property values, everything that comes with home ownership in a city.

The original intention was that — again with 90 per cent going to municipalities, 10 per cent going to urban — that the majority of that money was likely going to go into expanding and building infrastructure, you know, kind of industrial infrastructure that was going to help with that mine in the municipality.

**Ms. Rancourt:** — After initially building the infrastructure, the industrial infrastructure in the rural municipalities, how much maintenance do you feel that there is with maintaining that infrastructure?

**Hon. Mr. Kaeding:** — So again with the basis of all of this being unconditional, we're not asking for reporting. But you know, we do realize that any municipality that has a mine in their jurisdiction is facing significantly higher traffic counts, significantly higher industrial traffic: you know, large truck traffic, large vehicle traffic. So you know, the assumption could be made that there's going to be that much more road maintenance incurred, more so than say just a strictly ag-related

municipality.

So you know, to put an actual fixed number on that, we haven't asked them to report, just assuming that there's going to be that much more traffic and depreciation and wear and tear on the roadways, also taking into account rainfall patterns and drainage and everything else that goes around these roadways and other infrastructure needs there. But we haven't asked them to put a number on it for us. So again we've just left it as an unconditional payment that they can put towards whatever they deem necessary to keep their residents up.

**Ms. Rancourt:** — And how many cities would be in that 30-kilometre radius?

**Hon. Mr. Kaeding:** — So right now there would be four existing cities that would be in that 20-mile radius, so that would be Humboldt, Saskatoon, Warman, and Martensville. Humboldt, Warman, and Martensville at one time qualified as they were under 5,000, but have since gotten over the 5,000 limit so would no longer qualify.

**Ms. Rancourt:** — And so you indicated that if you included these cities, that it would be a reduction of tax revenue for other municipalities. Did you guys do the breakdown of how much that would be, like how much less they would be receiving?

**Hon. Mr. Kaeding:** — So to actually break it down as to what that's going to mean for the various municipalities, no we haven't gotten into that fine a detail. But at the same time we also have to remember that they haven't been asking for it. Really the intent of the Act was to ensure that the municipalities within that 20-mile radius were able to maintain that level of infrastructure that's needed to make sure that their residents have what they need as, you know, basic services and are able to maintain and keep that up over the lifetime of a potash mine.

**Ms. Rancourt:** — I'm surprised that you haven't heard from cities indicating that they've been asking for this because with my meetings with stakeholders that was loud and clear, that cities have been asking to be included with regards to this tax revenue sharing because of the infrastructure costs that they've been incurring within their city to provide services for the potash mine. So I know I've been hearing it, and I'll talk to them and tell them that you haven't, so let them know that they can share their concerns with yourself.

When you've had discussions with regards to the distribution rates, with 10 per cent urban and 90 per cent rural, was there any discussion or thoughts about potentially changing the redistribution rates?

**Hon. Mr. Kaeding:** — So in the stakeholder engagement sessions, we asked for input from all the stakeholder groups as to what, if they wanted to see a change, what that change would look like, the rationale behind it. And actually no stakeholder group put forward any change, any proposal for a change, and certainly no rationale why they would want to see a change. So we've left it as such.

**Ms. Rancourt:** — My understanding was that SUMA brought that to your guys' attention when you were talking about consultation.

**Hon. Mr. Kaeding:** — Yes, they certainly mentioned it, but again didn't put any concrete suggestions forward or rationale behind it.

**Ms. Rancourt:** — So there was some changes with regards to the composition of the board. So there's two representatives from SARM and now there'll be a representative from SUMA and a representative from the potash industry and then the Government Relations representative. So why was it only decided to add one member from SUMA?

**Mr. Magnin:** — What we wanted to do was make sure that it was a manageable board, and we didn't want it to get overcomplicated, being that all it is is an administration board. As I mentioned, you know, we put in a half-hour in the spring and then a half-hour in the summer. All we're doing is really looking at the Act or the regulations and making sure that the mill rate that essentially is calculated by the secretary that we appoint — treasurer — and they run through the math. They come up with the mill rates. We look at the mill rate, make sure the math was sound. And if it is, then they go through, make the distribution to the municipalities, and away we go.

We didn't want an odd number, of course, of folks on the board. And we didn't want it all of a sudden to get overinflated because, you know, the reality of what the board is actually is, I think has been overemphasized by some of the stakeholders. If you want the change — for instance, to 90 per cent, 10 per cent — you have to come to government. That's the Act; that's the legislation. That's not what the board is for. If you want to get the cities added, again that's legislation. You've got to come to the province. That's not what the board is for.

I think that in certain instances the thought process on their side was that, you know, maybe if we're on the board we could effectuate these types of changes. And you know, I mean there'll be a learning process, our first meeting, as to what the board actually does versus what they perhaps think they do. Certainly a potash board wanted to be on stream just so they can get their hands on the estimates a little bit sooner, and the mill rates. So you know, we did that through the legislative changes to make sure they get that.

The other thing is, is it basically reflects also how the funding is distributed. You know, it is 90 per cent going to the rural municipalities and only 10 per cent going to the urbans. So I think that's originally why they had the two members for SARM and one member for the province. So we wanted to make sure that the interest of the other organizations were reflected and, you know, we wanted to maintain of course the efficiencies that have already been built over the administrations that we've had with SARM. So that's why we did what was done. You know, inflating the board, getting more members from one side or another, doesn't change the reality of what the board decides upon. I mean, the numbers are what they are. We can't change it. That's not what we're set up for.

So we're not a lobby group. We're not, you know, any sense of that. All we do is, like I say, the administration. If we go on a road show like we did, it's when something dramatic happens to the calculations so we don't, you know, have municipalities screaming, why? What happened? You know, so that's why we did that when we did it back then. Whether we'll ever do

another road show, who knows? Probably not, but . . .

**Ms. Rancourt:** — So when is your anticipated first meeting with this new board?

**Hon. Mr. Kaeding:** — So the Act goes into effect January 1st, 2019, so there'd be a board meeting not long after that.

**Ms. Rancourt:** — And it was nice to see that there'll be a representative from potash on the board. Do you know how that representative will be selected?

**Hon. Mr. Kaeding:** — So that's a decision that the SPPA [Saskatchewan Potash Producers Association] would be making internally, and then they would just appoint them to the board.

**Ms. Rancourt:** — I notice that the bill outlines requirements for SUMA and SARM, but not with regards to the potash or the minister's recommendation of his representative. Why was it decided that that wasn't going to be outlined in the bill?

**Hon. Mr. Kaeding:** — Again with SUMA and SARM, it just reflects what we've traditionally done. And adding the new entity to the board, we just felt it was best that they decided how they want their representative put on the board or which representative they would want to put on the board.

**Ms. Rancourt:** — And how do you make your decision on who you're going to have representing you on the board?

**Hon. Mr. Kaeding:** — We pull his name out of the hat. No, what we've got is, because Norm has the expertise in that area, it's just felt that he best represents government in that area. Again with the years of experience that Norm has, he's by far our best representative to put on the board.

**Ms. Rancourt:** — So is it always a ministry staff member that's on the board?

**Hon. Mr. Kaeding:** — Yes.

**Ms. Rancourt:** — How often are there vacancies in the committee?

**Hon. Mr. Kaeding:** — We haven't had a vacancy to date yet, but you will notice towards the end we'll be proposing an amendment just to take into account if that ever happens, just to make sure that we've got continuity within the board. But we haven't experienced a vacancy to date yet.

**Ms. Rancourt:** — And how much is paid in expenses currently to the board?

[08:45]

**Hon. Mr. Kaeding:** — So the actual board rates, we take guidance from the SARM rates and that would be \$350 per diem. And being the board meets twice a year, that would be 350 twice.

**Ms. Rancourt:** — And so the increased rate with having the new members, you're just expecting \$700 each meeting? Is that what the increased rate would be?

**Hon. Mr. Kaeding:** — So 350 for our representative. Norm doesn't get anything. So it'd be the representative that would be on the board. So 350 per individual, except for Norm.

**Ms. Rancourt:** — Okay. And it indicated that there was an office for the board located in Regina. Is there staff maintaining that office?

**Mr. Magnin:** — The office is held by SARM. It basically sort of indirectly tells SARM that they have to keep their office in the city of Regina. So it's, if you've been to the new SARM office, and I assume you have, that's where the potash board resides.

**Ms. Rancourt:** — And do you have to pay SARM any extra money to have those meetings located there?

**Mr. Magnin:** — No. I mean they have tons of meeting space. The administration fees are basically for the secretary treasurer who has to run all the calculations and do the math and they have to put the money into the bank. They have to, you know, cut out the cheques and they have to do all the mailing and all the paperwork that's around that. So that's the bulk of the administration costs. But because SARM's holding it, and they have tons of meeting space if you've been to their facility, yes, we don't pay any fees for that.

**Ms. Rancourt:** — And, Mr. Chair, is it okay to talk about the amendment at this point?

**The Chair:** — Actually yes, I'd prefer you did. Then that's going to save us time while we're running through.

**Ms. Rancourt:** — Okay, thanks. So I see that you have the proposed amendment, and so it'll indicate that the individuals who are on the board right now will be able to be changed from a one-year to a two-year term. That's my understanding. I guess my question was, will these two-year terms alternate between members?

**Hon. Mr. Kaeding:** — So when the board meets for the first time after the new Act is in place, we'll take their recommendation as to how they would like to see the continuity of the board move forward. So we'll take their advice on that.

**Ms. Rancourt:** — And will that result in some changes within the bill to accommodate for that?

**Hon. Mr. Kaeding:** — No, it should not.

**Ms. Rancourt:** — Okay, because sometimes having alternating terms helps with consistency. So I was wondering if that was going to be the case. If the people serving right now would be automatically in a two-year, and then the individual starting next year, then that might be alternating a bit.

**Hon. Mr. Kaeding:** — Yes. And the board's going to work within the policy that they have in front of them. So I'm sure they would take those factors into account.

**Ms. Rancourt:** — Okay, so the administration board determines how the municipal taxes will be redistributed to municipalities, but who sets the rates that potash mines pay for

municipal taxes?

**Mr. Magnin:** — In accordance with legislation, the potash board, its secretary treasurer essentially takes . . . It's kind of a weighted average they get from the rural municipalities, their assessment and their revenues. They calculate basically a mill rate for each municipality that gets weighted and they come up . . . That, using all those formulas, comes up with the mill rate that's supposed to be applied to the mines. Essentially that gets presented to the board and the board accepts the mill rates. The board does not actually go in and calculate a mill rate. We can't say it's going to be 10, 15, or 20. The math is what it is, and then that gets delivered to us.

In the same breath, distribution. The board doesn't make any decision on how much municipality X is supposed to get from municipality Y. It's all based off of formulas for urban municipalities. It's based off of the census, their population. There's a . . . figures out the mill rate per person and then there's other calculations based on how big your municipality is. On the rural side it's based off of the square miles that you're located in, surrounding the potash mine. And there's a couple of ratios that are involved as well — 4 to 1 and 1 to 1 — depending on whether you're 10 miles from the radius or the centre of the potash mine, or whether you're 20 miles. Depends on which buffer you're in.

So there's a lot of calculations involved. Again, all the board does is make sure the calculations were followed appropriately. The board makes zero decisions on what the mill rate should be, and we don't decide on what the distribution should be. All we do is, was the math followed, and get the money moving. That's what we do.

**Ms. Rancourt:** — I'm sorry if I'm not understanding this correctly, but if the potash mine is in a certain rural municipality, is it that particular rural municipality that determines what the mill rate would be for that potash mine? Or who determines that?

**Mr. Magnin:** — The board determines what the mill rate should be based off the calculations. Once the mill rate's decided, say it's 10, then we inform the municipality as per legislation what the mill rate for the potash mine is. The municipality will go out, they'll apply that mill rate and they'll collect the property taxes from the potash mine, and then they return that revenue back to the board. And then the board takes that revenue and then they distribute it.

**Ms. Rancourt:** — Okay. So who tells the board what that mill rate's going to be though?

**Mr. Magnin:** — Again, it's in the calculations. So if you take the regulations and you follow it through, there's a number of components that are involved. Again, you take a look at the assessment of each of the rural municipalities that are in that 20-mile radius — which we switched to kilometres — and each of those municipalities, you look at their assessments, you put it in the spreadsheet, and then you take the revenues of each of the municipalities, so the municipal revenues that they would normally use to collect off the property tax system.

Once you have those two figures, basically you get a uniform

mill rate, and for the rural municipalities where the mines are actually located you don't use the potash tax assessment. Once you get all of those mill rates together, you start applying the . . . looking at the square miles that are involved around the rural municipalities and how much each have, and then that's weighted against each of those mill rates. Once you get all those figures together, that's how you come up with the mill rate.

It's not as, say, the city of Regina calculates it. The city of Regina looks at the revenue need, how much money they need from the property tax system. They divide that by assessment. That's what their mill rates are. There is no consideration from the potash board about what the revenue need is because there is no revenue need. We don't get any of the revenues.

So all it is, is looking at . . . I mean the formula was developed a long time ago. We refined it because we had to remove some of the antiquities that were built in there. And as mentioned, that was cleared up last fall. And you know, now it's a pretty straightforward . . . a more straightforward process.

But I can safely say though, there is only a couple of people that know the total calculations of it. I am one of them; Doug Fisher at SARM is another. It does take a while, but if you take the regs out and you put all the calculations together, you will get there. You can also go to the ministry website. We have set up an excellent information package if you want to try to do it yourself.

But you know, the main component that I'm trying to portray to you is that the board basically is just making sure the formulas are followed and it comes up with it. We don't come up with any kind of rationale as to how much money should be coming out of the potash industry.

**Ms. Rancourt:** — Well I know I'm very thankful for very smart men like you. I couldn't figure out this because I know it'd probably take me a long time to try to calculate that. So thank you for that description.

So they indicated there was a change to the definition on actual mill rate. So will this have an impact on municipalities?

**Hon. Mr. Kaeding:** — Really what that does is it provides an accurate definition so that there'd be no mistakes or miscalculations going forward. So it just provides clarity to the definition.

**Ms. Rancourt:** — Okay. So there is no anticipated impact to municipalities?

**Hon. Mr. Kaeding:** — No.

**Ms. Rancourt:** — Will this be possible for potash mines? Will it be fair and equitable?

**Hon. Mr. Kaeding:** — It's really as fair and equitable as taxes can be.

**Ms. Rancourt:** — So the previous minister's remarks indicated that this will help avoid confusion and improper calculations. Was that a problem prior?

**Hon. Mr. Kaeding:** — So part of the confusion I think that was experienced in the past is that there's references to the municipal Act and also to the potash Act, and there was some misunderstandings I think that had been a result of referencing back to both of those Acts. So what this does now is it just provides clarity and I guess makes it all user friendly, a little bit more.

**Ms. Rancourt:** — Okay. And there was a new section that was created to clarify that tax tools are prohibited but incentives are not. What kind of incentives would that be?

**Hon. Mr. Kaeding:** — Early payment discounts. That's what they'd be referring to, is if the mine wanted to prepay their taxes or pay their taxes early. A lot of municipalities have a discount chart that they may be using, and they were not going to dispose of those or get rid of those. So, give them that option to pre-pay their taxes and get a discount accordingly.

**Ms. Rancourt:** — Okay. Well, Mr. Chair, I'm done with my questions with regards to this bill.

**The Chair:** — Well thank you. Are there any more questions from the committee? Okay, we will start with clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 4 inclusive agreed to.]

#### Clause 5

**The Chair:** — Clause 5. I recognize Mr. Francis.

**Mr. Francis:** — Thank you, Mr. Chair. I would like to put forth a motion regarding a proposed amendment to this clause, which is clause 5 of the printed bill. And the motion would read to:

Amend subsection 4(1) of *The Municipal Tax Sharing (Potash) Act*, as being enacted by Clause 5 of the printed bill, by adding “and until a successor is appointed” after “for a term of two years”.

**The Chair:** — Mr. Francis has moved clause 5 of the printed bill:

Amend subsection 4(1) of *The Municipal Tax Sharing (Potash) Act*, as being enacted by Clause 5 of the printed Bill, by adding “and until a successor is appointed” after “for a term of two years”.

Do committee members agree with the amendment as read?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Is clause 5 as amended agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 5 as amended agreed to.]

[Clauses 6 to 14 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Municipal Tax Sharing (Potash) Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 111, *The Municipal Tax Sharing (Potash) Amendment Act, 2017*, with amendment. Mr. Nerlien moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[09:00]

### Bill No. 113 — *The Planning and Development Amendment Act, 2017*

#### Clause 1

**The Chair:** — We will now be considering Bill No. 113, *The Planning and Development Amendment Act, 2017*. We will begin our consideration of clause 1, short title. Minister Kaeding, would you please introduce your new officials and make your opening comments. And I would like to remind the officials, when you speak, could you please say your name for *Hansard*.

**Hon. Mr. Kaeding:** — Okay. Thank you, Mr. Chair. Good morning. It's my pleasure to speak to the intent of Bill No. 113, *The Planning and Development Amendment Act, 2017*. So I am joined this morning by Deputy Minister Tammy Kirkland; the executive director, Ralph Leibel; and director, Jenna Schroeder.

**The Chair:** — Yes, did you . . . I was doing some stuff here. I wasn't listening that well. Sorry, carry on. I know it's hard to believe.

**Hon. Mr. Kaeding:** — I shall carry on?

**The Chair:** — Yes, carry on.

**Hon. Mr. Kaeding:** — So I'd like to begin by providing a few general comments on Bill 113 and then my officials and I would be happy to answer any questions that committee members may have.

This government is committed to addressing the opportunities and challenges associated with economic and population growth cycles. The legislative framework guiding growth and development needs to be efficient, encourage co-operation, and support opportunity. This framework must also be responsive to the needs of citizens, investors, municipalities, and government to keep Saskatchewan strong.

Bill 113 will improve the province's land use planning framework by clarifying and increasing the flexibility of *The*

*Planning and Development Act, 2007* in the following areas: (1) regional planning; (2) municipal reserve and school sites; (3) municipal servicing; and (4) miscellaneous amendments.

In regional planning, Saskatchewan people have a long history of collaboration. Regional planning is one example of collaboration where communities come together to build a shared vision for future growth and development. Many communities across Saskatchewan are involved in regional planning efforts. Currently there are 34 district planning commissions comprising 173 municipalities, two First Nations, and one regional park authority. These district planning commissions are voluntarily formed boards that offer advice to the participating members on planning and development matters.

Bill 113 will facilitate regional planning by expanding the existing regional planning authority tool to include all types of municipalities. The existing RPA [regional planning authority] tool may be used in one of two ways. Following consultation with the affected communities and if the minister considers it appropriate, the minister may order participation from a city and adjacent rural municipalities. Alternatively, where a city and adjacent rural municipalities voluntarily request to participate in an RPA, the minister can accommodate this request. Currently only a city and surrounding rural municipalities are eligible to become an RPA. The scope of the RPA tool is being expanded at the request of stakeholders to provide more opportunities for municipalities to participate in this regional partnership by allowing any number and type of municipality to become a member. Respecting municipal autonomy, an RPA would only be mandated as a last resort if a situation arose that required intervention to ensure a provincial interest is achieved.

Bill 113 also clarifies the powers of RPAs and district planning authorities. Stakeholders requested additional clarity and flexibility in these sections. While Bill 113 repeals and replaces these sections, the contents of these sections are consistent with the existing legislation.

Historically schools in Saskatchewan were located on public reserve lands. The Ministry of Government Relations managed these lands, including leases for schools. In 1991 most public reserves were transferred to municipalities as municipal reserves. This allowed municipalities to continue leasing municipal reserve for school purposes. Municipal reserve is land dedicated by the developer to the municipality at no cost at the time of subdivision. These lands can be used for parks, open space, recreation, public amenity, and school purposes.

In recent years, government has used one-time capital funding to purchase land for school sites at market value. Locating schools on municipal reserves reduces land acquisition costs and maximizes the amount of funding available to address education and other public service priorities. Bill 113 clarifies the province's expectation for schools to be located on municipal reserve.

Many municipalities, including major urban centres, already consult with government ministries and local school divisions when preparing their land use planning bylaws. Provisions within Bill 113 ensure that this best practice becomes standard

for all communities in Saskatchewan.

Specifically, when planning neighbourhoods, it is important for municipalities to establish location policies for schools in consultation with the Ministry of Education and local school divisions. Once developed, these policies will be adopted into the municipality's planning bylaws to guide municipal decisions regarding the use of municipal reserve for school purposes.

Bill 113 also provides a more fair and efficient process for finalizing municipal reserve lease agreements for school purposes. Under the existing legislation, municipalities may, but are not required to, enter into lease agreements with local school divisions for the use of municipal reserve lands. If the parties cannot agree to the terms of the lease, the Minister of Government Relations, the minister may specify the terms through regulation.

Bill 113 provides a collaborative process for municipalities to lease municipal reserve land to school divisions. The following steps improve the negotiation process outlined in the existing legislation. (1) The municipalities and school divisions will continue to have the opportunity to voluntarily enter into a lease agreement. (2) If a municipality and school division cannot voluntarily agree, the minister will have the authority to direct the municipality and school division to enter into a lease agreement. At this stage, the minister is ordering the parties to come to the negotiating table, not specifying the terms of a lease agreement. (3) If the municipalities and school division cannot agree to the terms of a lease agreement, the minister can direct the parties to a non-binding dispute resolution. (4) If the terms of a lease agreement are not finalized after dispute resolution, the minister will have the authority to specify the terms of a lease agreement through a minister's order.

As I stated earlier, this government respects municipal autonomy. Finalizing the terms of a lease agreement through a minister's order would be a tool of last resort, used only to ensure the educational needs of Saskatchewan's children are met.

The provincial highway network benefits residents, visitors, and industry. Existing legislation enables municipalities to include capital costs associated with upgrades to public highways and the servicing agreements with developers. Bill 113 provides a new way to use the Ministry of Highways and Infrastructure's existing transportation partnership agreement tool.

Through a servicing agreement, municipalities will have the ability to direct the developer to enter into a transportation partnership agreement with the Ministry of Highways and Infrastructure. In the case of a larger scale development with multiple developers, the municipality will have the ability to enter into a transportation partnership agreement with the Ministry of Highways and Infrastructure and coordinate the administration of the agreement and the distribution of fees amongst the developers. Similar to any other servicing fee charged to a developer, the developer would only be required to pay for the portion of the public highway upgrade that directly benefits their development.

Miscellaneous amendments. Bill 113 includes a number of

miscellaneous amendments to improve the overall clarity and efficiency of the legislation. I will briefly comment on a few of the miscellaneous amendments that were mentioned in the adjourned debates.

A number of conflict of interest provisions are included in Bill 113. These provisions strengthen the existing legislation and ensure consistency with other municipal Acts that were amended as a result of *The Municipal Conflict of Interest Amendment Act, 2015*.

Several provisions within Bill 113 direct municipalities to submit planning bylaws to the director of community planning instead of the minister. The ministry has been delegated authority to approve planning bylaws on behalf of the minister. Clarifying the legislation removes red tape in the ministry's approval process.

The existing legislation allows the minister, after consultation has occurred, to direct the municipality to prepare an official community plan or an amendment to an official community plan in order to achieve consistency with a statement of provincial interest. Provisions within Bill 113 add flexibility to increase the amount of time a municipality has to comply with such a direction.

In closing, I am confident Bill 113 will improve the province's land use planning framework and support the future growth and development of Saskatchewan. This concludes my overview of Bill 113 and I welcome any questions that the committee may have.

**The Chair:** — Well thank you, Minister. And are there any questions? Ms. Rancourt.

**Ms. Rancourt:** — Thank you. This bill has a lot of changes, so I've had to really go like step by step and section by section. So that's how I'm going to be placing my questions today.

So in section 2, why was it decided to repeal clause (b) and (e)?

**Hon. Mr. Kaeding:** — Okay. Basically it's just to consolidate some definitions and just to improve clarity, to make sure that we're referencing the same thing.

**Ms. Rancourt:** — So where is that clarity in the sections?

**Hon. Mr. Kaeding:** — Okay. So what we're ultimately doing is using "school division." It's going to mean a board of education or the conseil scolaire, within the meaning of *The Education Act, 1995*. So using the board of education is going to be the same as conseil scolaire, and now being referenced as school division.

**Ms. Rancourt:** — And there was lots of references moving from striking out "minister" and incorporating "director." Who is the director being referred to?

**Hon. Mr. Kaeding:** — So ultimately we're asking the municipalities to provide everything to the ministry. So the director would be the best, I guess, process to allow the officials to respond to the director versus to the minister. So it's more of a direct link, I think, to the decision makers, I guess, within that

area.

**Ms. Rancourt:** — So it won't be an individual person? It's just the ministry itself?

**Hon. Mr. Kaeding:** — So the director is a position, right? It's the director of community planning, so that will be an individual.

[09:15]

**Ms. Rancourt:** — Why was it decided to move the authority from minister to the director?

**Hon. Mr. Kaeding:** — So ultimately the authority is not being moved. That's just where they're submitting the material. It's to have that direct relationship, right?

**Ms. Rancourt:** — Well so will this cause a lot more increased workload for the director?

**Hon. Mr. Kaeding:** — They're still doing the same amount of work as what they would've before. This is just providing a direct route.

**Ms. Rancourt:** — And is there going to be regulations established with regards to subsection 32, the management of land and the proximity of railways?

**Hon. Mr. Kaeding:** — I'm going to let an official, I think, talk about that. Yes, certainly provide better clarity.

**Mr. Leibel:** — So good morning. My name's Ralph Leibel. I'm the executive director for community planning. And with regards to the clauses for official community plans and railway policies, that's helping municipalities set their policies. And so generally they would write those themselves, and with regards to specific standards, they would be included within their zoning bylaw.

What we're looking at doing to help give them guidance is, the Federation of Canadian Municipalities have some railway policies to provide guidance to municipalities that are very well done. They participated in our consultation process. And the idea here is that next year we're into consulting on statements of provincial interest regulations, and that would be a more flexible area to lay out different types of expectations or standards to encourage the appropriate land uses near railways.

**Ms. Rancourt:** — Okay. Because yes, I was going to bring to attention the federal standards, and they did a really great job with creating the guidelines. As a social worker, I never thought that I'd be reading a big document with regards to the proximity of land development by railways, but it actually was a very easy read, and it was really interesting to know all the different dynamics with regards to developing land around railways. And there's some specific provincial recommendations with regards to this piece of information here. They really encourage that provinces take the information that they gathered and create some of their own regulations. That's why I was wondering if our province was going to consider creating some regulations.

**Mr. Leibel:** — Yes, the FCM [Federation of Canadian

Municipalities] guidelines are certainly, quite a few of them, are really interchangeable whether you're in the province of Saskatchewan or another province. And they're very useful tools, and it's a critical part of having consistency along a railway, whether it's in Saskatchewan or right across Canada. So they're very good. It's a very good document.

**Ms. Rancourt:** — And more so recently, there's been a lot of discussion with regards to railways in especially some of our urban municipalities because they were first established within communities. But now a lot of communities are talking about how to establish different . . . expanding their communities, having land development use around the railways, or potentially working with railways to have them redirected. And so I think this is a really important piece of discussion to be having at this time.

**Mr. Leibel:** — And that will be discussed during the stakeholder consultations on the statements of provincial interest in more detail, and how those can be incorporated.

**Ms. Rancourt:** — So how has the ministry been working with municipalities to ensure that they are proactive with identifying and planning for potential conflicts between rail operations and new developments?

**Hon. Mr. Kaeding:** — So in our ongoing engagements with stakeholders, that's certainly, you know, taking a lot of the recommendations. I believe the FCM was actually one of the major designers of the document you've got. And that's certainly been a provider of information that we've been using as we go out with our stakeholder groups. And you know, certainly engagement with even our railway stakeholders, you know, as we move forward will be an important part of our engagement process. So certainly taking all of that into account.

**Ms. Rancourt:** — And is the ministry working with other ministries with regards to regulations development with railways? Because we know with reading the information in this guideline, they talk about noise guidelines, criteria for road development, drainage. So has the ministry been working with those other ministries?

**Hon. Mr. Kaeding:** — So through the statements of provincial interest we've certainly been engaging with all of the ones responsible that we might be encompassing, yes.

**Ms. Rancourt:** — And these are pretty broad policies within this legislation. So will this be more work for city planners?

**Hon. Mr. Kaeding:** — Most of the city planners are actually been utilizing the tools put forward by FCM. So it likely would not involve any additional work because they've already been utilizing those factors.

**Ms. Rancourt:** — All right. So why did you increase the days for filing in subsection 51(5)? Were people having a hard time meeting the deadlines?

**Hon. Mr. Kaeding:** — So ultimately it should add up to relatively the same amount of time. So we're just providing a little clarity on the definition of moving from 10 business days to 15 days. So taking into account, I guess, where we may fall

with holidays and EDOs [earned day off] and all factors included, 15 days just seems to be a bit more of a defined period in time.

**Ms. Rancourt:** — So were people having trouble meeting deadlines, or is that an issue?

**Hon. Mr. Kaeding:** — Ultimately just trying to provide consistency throughout the Act. We had just found that we're sometimes referencing business days and other times consecutive days. So this is just a matter of consolidating all that into one definition.

**Ms. Rancourt:** — And in subsection 108, can municipalities be included without their approval?

**Hon. Mr. Kaeding:** — Ultimately, it's still voluntary. They would have to request an addition to the planning district.

**Ms. Rancourt:** — So if municipalities in a certain area decide that they want to have a district planning authority and other municipalities that are kind of in that area aren't interested in co-operating, what happens in that case?

**Hon. Mr. Kaeding:** — So ultimately we're still trying to use this as a voluntary process and, you know, we would certainly encourage any municipality to see the value in belonging. But there is a process that they can kind of move through in order to, I guess, to have the other municipalities, surrounding municipalities, encourage them to be part of that planning authority. You know, ultimately they start with a volunteer planning district — what do we have that, as a committee — then they can move to an authority that has a little bit more mandate to work within.

Ultimately we don't want to mandate anyone to have to belong but would certainly encourage the surrounding municipalities to encourage those that maybe don't see the value as much to participate.

**Ms. Rancourt:** — I know one concern that's been brought to my attention from municipalities is that they're concerned with the focus on being with regional planning authorities, that maybe the ministry is looking at reducing some of the resource revenue sharing that they'll provide and hoping that communities will band together to help with that decrease. Have you been hearing any of those concerns, or brought to your attention?

**Hon. Mr. Kaeding:** — What you may be referring to is, you know, through the revenue-sharing component. And I mean, really we haven't got to that point to having any discussion like that to use that as a mandatory stick or a carrot even. So no, we would not have gotten through that point or had made any indication as such.

**Ms. Rancourt:** — So with section 119.6(1)(e), that is wide-ranging authority. Where do you see this going?

**Hon. Mr. Kaeding:** — So really if you go through point (d) and point (e), they're almost identical except in point (e), in the proposed provision, that we're adding "Provincial Health Authority." So we're really not ultimately changing anything,

but adding Provincial Health Authority because that's a new entity that we have to reference. So really we're not changing the mandate or scope of that.

**Ms. Rancourt:** — Was there previous indication of like the local health authorities in the previous documentation? Or why was Provincial Health Authority added?

**Hon. Mr. Kaeding:** — It was referred to as health region before, and that no longer will pertain so now it's going to be related as the Provincial Health Authority, is how it'll be described.

**Ms. Rancourt:** — My understanding is that the Municipal Board is way behind and sadly underfunded. Is there any plans to support them?

[09:30]

**Hon. Mr. Kaeding:** — So funding for the Municipal Board isn't related or pertain to this Act at all, so that would be a separate discussion.

**Ms. Rancourt:** — The reason why I'm bringing reference to it is because it is indicated in here as having "... the regional planning authority must be made to the Saskatchewan Municipal Board." So there's indication in this legislation with regards to having some relation with the Saskatchewan Municipal Board with regards to regional planning authority. So that's why I was wondering if this government's planning on funding them a little bit more.

**Hon. Mr. Kaeding:** — So ultimately this isn't a funding Act. You know, we understand the role, relationship the Municipal Board is going to play within this, you know. And this is going to be part of their mandate, and has, and will continue to be. You know, talking about funding of the Municipal Board is a budgetary item and that's not at our discretion to talk about today.

**Ms. Rancourt:** — So doesn't sound like there's any good, new news anyway for them. So what is the process for establishing the district development appeals board?

**Mr. Leibel:** — The district planning appeals board is a board that's available for the local municipalities. And so the local board, it's established by those municipalities that want to set up a district local appeals board. And the reason for that is sometimes in some smaller communities you have a couple members on the board but they don't get a lot of hearings, so they don't get a lot of experience in that board process. So quite often municipalities are looking at working better together in different processes. And when people are dealing with local development appeals issues, they can set ... The municipality can set up a district development appeals board. So it's a shared type of service amongst the number of municipalities that choose to do that.

**Ms. Rancourt:** — So if a municipality does not establish a district development appeals board but there is an appeal, that is going to be what's going to be directed to the Saskatchewan Municipal Board?

**Mr. Leibel:** — A municipality can set up its own local appeals board or a district one with a group of municipalities. And if a municipality ... They're legally required to set up an appeals board if they have a zoning bylaw in place. As part of that zoning bylaw adoption process, they have to set up an appeal board for their local development appeals. So the process allows municipalities to handle a development permit. And if there's a refusal or some development considerations that they put in place for the developer, and the developer does not agree with those processes, they have the opportunity to appeal to that local development appeals board. Or if the municipality has set up a district appeals board with other municipalities, they would appeal to that. Following a decision of one of those two boards, if the municipality or the developer did not like the decision that resulted from that appeal, then there's opportunity for them to appeal to the planning appeals committee of the Saskatchewan Municipal Board as a third step in that process.

**Ms. Rancourt:** — So just for my information, municipalities that would have a zoning bylaw, would those only be cities or would they also be other communities?

**Mr. Leibel:** — Right across Saskatchewan, both urban municipalities — cities, towns, and villages — as well as rural municipalities, quite a few of them have adopted official community plans and zoning bylaws. The official community plan is setting out the policies for the municipality, the direction they want to grow and achieve within the community. It's almost like legislation. And then the zoning bylaw is like the regulations. And so they use those two tools. One is to set policy and one the standards in order to manage land use and development. And if they do not have a zoning bylaw in place, then they have chosen not to have any bylaws to manage land use and development within their community. So most municipalities are interested in having bylaws in order to help facilitate growth and development.

**Ms. Rancourt:** — Would there be many communities within Saskatchewan that don't have a zoning bylaw?

**Mr. Leibel:** — There are a number of smaller communities. So with a total of 777 or 776 — I'm not sure right now — with statutory plans, there's 426 municipalities or 55 per cent of the municipalities. And that 55 per cent covers 90 per cent of the population. So where they don't have a zoning bylaw, it's a pretty small area where they don't have a lot of development pressures. And 529 municipalities or 68 per cent of the provincial municipalities have zoning bylaws because quite a few of them, when official community plans were put into the legislation, they just had a zoning bylaw and they haven't moved forward to adopt an official community plan. So there's some out there with just a zoning bylaw as a result of previous legislation.

**Ms. Rancourt:** — And in section 120, 28, (1)(d), do you have any examples or current situations for this particular clause?

**Mr. Leibel:** — 28, (1)(d)?

**Ms. Rancourt:** — 120, 28, (1)(d) or (d.1).

**Mr. Leibel:** — Okay. (1)(d).

**Ms. Rancourt:** — Encroachment agreement.

**Mr. Leibel:** — Encroachment agreements, okay. Yes, with regards to encroachment agreements, quite often, and quite often in resort areas, you have houses when they built them years ago before they went out and got real property reports, may have put their home or their eavestroughs, things of that nature, their garage, partly on an adjacent property. And so this section was put in there to help clarify those matters.

We have a number of people and developers are trying to get an easement or take a sliver off the adjacent owner's property or get a lease for that sliver of land in order to accommodate the individual's house or building or eaves. And so this provides clarity to what an encroachment agreement is with regards to *The Planning and Development Act*.

**Ms. Rancourt:** — Okay, thank you. So is it correct that an overhang goes against national building standards, regulations?

**Mr. Leibel:** — I'm sorry I don't have that at this time. I mean there's many places across Canada that, you know, people accidentally put up a portion of the roof overhang over on to the other person's property. And with the National Building Code and the building standards, it's really dependent on the location of the buildings in order for separation for fire protection.

So if there is an encroachment on a building standards scenario, then the question comes down to is if they built that, and did they have the correct siding given the close proximity of the two buildings, for it to meet the fire code resistance periods — you know, four-hour protection from a fire burn or something to that effect.

So in some cases where two buildings get too close, one of the landowners or both may have to go from a vinyl siding to a stucco siding and not have any windows on that side. So there are some things there but that's under the building standards and not under *The Planning and Development Act*.

**Ms. Rancourt:** — Okay. And developmental levies will be added to the cost of the land and “must not be used as a substitute for servicing . . . fees.” Why was this added in section 169?

**Hon. Mr. Kaeding:** — That was just to clarify when those tools were to be utilized. They were quite often interchanged or maybe used inappropriately, so just to provide clarification as to when that would be used in the process.

**Ms. Rancourt:** — Okay. And then subsection 172(3) was amended. But is this information not included as part of the services agreement?

**Mr. Leibel:** — Excuse me, which particular section in 172(3)?

**Ms. Rancourt:** — Number (3)(d) I believe.

**Hon. Mr. Kaeding:** — So that provides the link for the Ministry of Highways to link into the community plan in the servicing agreement component.

**Ms. Rancourt:** — Okay. And in section 187(3), it changed

from “market value” to “value of the land.” Why was that changed?

**Mr. Leibel:** — There has been challenges with municipalities calculating out the cost of municipal reserve cash in lieu. So when a municipality decides they do not require the developer to dedicate a full 10 per cent for residential purposes or 5 per cent for commercial purposes, they have the ability to look at accepting a cash-in-lieu equivalent to the value of the land. And under the current legislation, the calculation was based on the value of the land in the subdivided state. So if it's for residential purposes, it would be valued at residential value rather than the agricultural land, as green development. And also it was less the cost of servicing.

The challenge with that is when municipalities want to coordinate a larger park, and so they're taking some cash in lieu from two or three developers, and one developer is dedicating their 10 per cent but they want to make that a larger park facility, if it's the value of the land less servicing that means they actually don't have sufficient funds to be able to purchase the additional land.

And so the purpose would be is, if they had dedicated the land at the time of development, they could've taken that lot and sold it for \$100,000 rather than \$70,000. And this allows them to collect the full cost of what the value of the land would have been at the time of subdivision, so they can take that money and purchase it at a different location to make a larger park facility. So it's trying to keep everything in an equitable situation rather than having the municipality all of a sudden subsidize the cost of buying the additional land they need for that park.

**Ms. Rancourt:** — Okay. And why was subsection 190(4)(a) repealed? I believe it said “state the name of the person applying . . .”

**Mr. Leibel:** — In the current legislation, when we were deferring municipal reserve . . . So another option, they can dedicate land, they can provide cash in lieu, or if there's future phases of development — that this isn't the right time to have the land dedicated or take the cash in lieu — the approving authority has the ability to defer the costs of dedication to a future phase. And in the process, you'd file an interest for that amount of land on the property. And you'd do it on the property. So this information is really redundant and not necessary to be in there, because it would go against the land. And so we just felt, just to clean up the Act, the legislation, it can be removed.

[09:45]

**Ms. Rancourt:** — Okay. And I believe it's in reference to section 195. The previous minister, in his remarks when he presented this piece of legislation, indicated that there was 36 million saved. Where was this saving from and can you provide me a breakdown on the details?

**Hon. Mr. Kaeding:** — Okay. Utilizing fair market values, buying those school sites in 2014 would have related to approximately \$54 million. So by building the nine joint-use schools on municipal reserve, the province saved approximately 36 million. So what the province ultimately paid the

municipalities was a million dollars each for infrastructure upgrades necessary to accommodate the school, and then 1.015 million for the municipal reserve land on which the school was located. So nine times 2.015 is ultimately what we as government paid, so we saved \$36 million on the total.

**Ms. Rancourt:** — So with changes with this part of this legislation, are you expecting that municipalities just provide the land for schools?

**Mr. Leibel:** — Okay, I'll speak to a little bit of the detail or the history of municipal reserve lands. So for many years the community planning branch was responsible for the management of public reserves. And back in 1991 there was changes to that, and we transferred all the lands as mentioned earlier to municipal reserve except for some that have been held back in the name of the Crown as public reserves. And historically, up until the '70s and into the '80s there was . . . many school sites had been placed on municipal reserves. And the purpose of municipal reserve is, one, for the dedication of land for putting a school on, park, playgrounds, and so forth.

And there had been some shift. And I don't know the details of the shift, but at some point where purchasing the land for school sites started and even into 2000 — St. Gabriel School I think is on municipal reserve — so there were some times it was put on municipal reserve; sometimes it wasn't. And when the ministry was managing as owner of the land and school divisions come in, the leases would occur.

And so the land was then transferred to all the municipalities in '91. And in 1991 the legislation stayed the same other than the transfer, the land as municipal reserve for the same intentions. So the clauses weren't changed. And then when the school sites were going in here in 2014 there was definitely some need for clarification on how municipalities should manage school sites, because there hadn't been any further direction other than, okay, now the land is municipal reserve. And municipalities were always responsible for care and maintenance of municipal reserves.

So as a result, putting these changes in here helped to clarify a number of key items — one of which is from municipalities to plan for schools, which should be in the official community plan. And I know they do that, the major ones that have demands and pressures and growth opportunities. And then where school divisions need access to a new site, it's how do you plan those on municipal reserve as a best resort, to try and help save everybody, the public, the cost of that. And where they don't have the ability to finalize or make those arrangements, then it's about coming together and saying, okay, let's find a mediated solution.

So the legislation, the proposed amendments are designed to walk through a process that, we trust the cities and the school divisions should be able to work out now that they've got a little bit longer term planning opportunities to find the right locations where they can coordinate municipal reserve to accommodate joint schools and school sites.

And one of the benefits to it, because I know that municipalities express concern about the loss of municipal reserve lands, and what we found when we were doing our consultations in 2014

and even in '15 and '16 was that we found some municipalities were calculating their municipal reserve lands that were being dedicated, including lands that probably shouldn't have been counted as municipal reserve, should have been buffer strips or environmental reserve or municipal utility parcels. So we helped municipalities start to determine better what actually should be municipal reserve versus other land uses. So I think they have a good understanding of that.

So with the joint schools going onto municipal reserve, it also creates an opportunity for more community services. Because now you have better, improved access to some of the additional facilities in the community for afterschool events and community events that likely wouldn't have got built with a single school in one location. And so there's benefits to having the joint schools, having it on municipal reserve. Yes, municipalities in some cases may lose a bit of that land for the school site, but they gain in other benefits in other facilities.

**Ms. Rancourt:** — So if a municipality allows a school to be built on the reserve lands, this will allow the municipality to have access to the school when they would like? Is that what you're saying?

**Mr. Leibel:** — They'll be based on the lease agreement and the arrangements between the city or the town and the school, the school division. But those are all things that get negotiated before the lease is completed. So they'd lay all that out, the plans, together. So it's, you know, two organizations coming together that plan and help facilitate the opportunities for the community.

**Ms. Rancourt:** — And those lease agreements are different in every municipality? Or are they kind of outlined by the ministry here?

**Mr. Leibel:** — No, those are leases. The leases would be there from the municipality and the school divisions, so it allows for that local decision making. And even in the process outlined in the proposed amendments, it's all about encouraging the two parties to work those out. And the last resort would be an order directing the terms and conditions. We'd rather have the parties go to mediation — and voluntary mediation — and solve those things together. Because this is about facilitating growth and community opportunities together.

**Ms. Rancourt:** — So the minister outlined a set of four steps, I believe, and I think it was called the ministry order. And so how often has a situation occurred where you would have to go to, say, the fourth step?

**Mr. Leibel:** — We haven't actually gone to a fourth step because there haven't been a lot of schools on municipal reserve, except for the recent ones here and a couple of others that happened in the past, in 2005, the St. Gabriel School site. But that didn't require any intervention by the ministry. It was about helping. The parties got together and solved that themselves. And even prior to that, in most cases the leases had been directly with the province. So 1970s and earlier, the public reserve lease, which now we refer to as municipal reserve, the lease was directly with the province. Things worked out there.

In the recent case there was concerns about loss of the

municipal reserve, but it's very good. I think the relationship between the cities and the school divisions are improving. So that's kind of the last-resort item, to order an agreement, because you're wanting them to work the solutions together.

**Ms. Rancourt:** — All right. In subsection 220, the fee went from \$50 to 300. That's quite a substantial increase. Why was this decided?

**Hon. Mr. Kaeding:** — That fee was established a long, long time ago, and really now, you know, wouldn't even cover or get close to covering costs. So really it's just following the cost of inflation, try and cover some of the costs incurred.

**Ms. Rancourt:** — And why was the time frame changed in subsection 226(1) from 20 days to 30? Was there issues with regards to wait time?

**Hon. Mr. Kaeding:** — Really what it's a result of is just to get clarity and consistency throughout the Act. Many times we reference 30 days. The other thing is developers, you know, requiring a lot of professional input, it gives them just a little bit longer window to put together very comprehensive packages to what we're requesting. And then it just aids us in improving the processes or getting back with questions in a more expedient manner.

**Ms. Rancourt:** — And the minister can require municipalities to amend their official community plan to be consistent with provincial interests. How often has this happened?

**Hon. Mr. Kaeding:** — So ultimately no, we've never utilized that authority. Hopefully we don't intend on utilizing that authority, but if there is something that requires that, we have the opportunity to intervene. But certainly this is again asking municipalities to voluntarily co-operate with one another, as well as developers, to put together a very comprehensive plan.

You know, what it does, it also gives us the opportunity to send the plan back and ask for improvements or to make sure that they look after specific things we've maybe identified as an issue, could be an issue into the future. So really it's just an opportunity, I think, to seek clarification on a lot of things that entities are bringing forward to us.

**Ms. Rancourt:** — All right. Well at this point I have no further questions. But I just want to again thank the officials for coming and answering my questions. I've learned a lot this morning already. And I want to thank all the staff that are here first thing this morning, and the TV people for making sure that the public is aware of what's going on at the legislature here. So again, thank you for allowing me to have my time to ask these questions.

**The Chair:** — Well thank you. Are there any more questions from the committee? Okay. With that, we'll begin. Clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 49 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Planning and Development Amendment Act, 2017*.

I would ask a member to move that we report Bill No. 113, *The Planning and Development Amendment Act, 2017* without amendment.

**Ms. Ross:** — I so move.

**The Chair:** — Ms. Ross moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Well thank you, Minister. And I would ask a member to move a motion of adjournment. Mr. Olauson has moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned until this afternoon at 3 p.m.

[The committee adjourned at 10:02.]