STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND JUSTICE

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STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND JUSTICE

Mr. Delbert Kirsch, Chair
Batoche

Ms. Deb Higgins, Deputy Chair
Moose Jaw Wakamow

Mr. Fred Bradshaw
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Mr. Greg Brkich
Arm River-Watrous

Mr. Michael Chisholm
Cut Knife-Turtleford

Ms. Joceline Schriemer
Saskatoon Sutherland

Mr. Trent Wotherspoon
Regina Rosemont

Published under the authority of The Honourable Don Toth, Speaker

[The committee met at 15:08.]

General Revenue Fund
Supplementary Estimates — November
First Nations and Métis Relations
Vote 25

Subvote (FN03)

The Chair: — I would call to order the Standing Committee on Intergovernmental Affairs and Justice. We have two substitutions. For Mr. Trent Wotherspoon we have Doyle Vermette, and for Deb Higgins we have David Forbes.

Okay. With that we'll move into supplementary estimates. Supplementary Estimates, vote 25, First Nations and Métis Relations, page 15. Are there any questions? If not, gaming agreements subvote (FN03) in the amount of 19,634,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Can I have a member move the following resolution:

> Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for First Nations and Métis Relations, the amount of 19,634,000.

Is that agreed?

A Member: — 43,000. Not 34.

The Chair: — 643? Did I not say that?

A Member: — You said 34.

The Chair: — Oh. Sorry about that — 19,643,000.

Ms. Schriemer: — I so move.

The Chair: — Joceline Schriemer moves that one. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 25 agreed to.]

General Revenue Fund
Supplementary Estimates — November
Justice and Attorney General
Vote 3

Subvotes (JU03), (JU07), (JU05), and (JU08)

The Chair: — Justice and Attorney General, vote 3, page 17, courts and civil justice subvote (JU03) in the amount of 2,275,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Marketplace regulation, subvote (JU07) in the amount of 200,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Community justice, subvote (JU05) in the amount of 285,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Boards and commissions, subvote (JU08) in the amount of 695,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I will now ask a member to move the following resolution:

> Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for Justice and Attorney General, the amount of 3,455,000.

Mr. Brkich moves that. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 3 agreed to.]

The Chair: — Committee members, you have before you a draft of the fifth report of the Standing Committee on Intergovernmental Affairs and Justice. We require a member to move the following motion:

> That the fifth report of the Standing Committee on Intergovernmental Affairs and Justice be adopted and presented to the Assembly.

Mr. Brkich.

Mr. Brkich: — I move:

> That the fifth report of the Standing Committee on Intergovernmental Affairs and Justice be adopted and presented to the Assembly.

The Chair: — Is that agreed?

Mr. Vermette: — I have a question, sir.

The Chair: — Question.

Mr. Vermette: — Where are you guys getting your information, what you're reading off of here? Are we supposed to have a copy of that, just to be clear on that? Is that in the book . . . [inaudible interjection] . . . Okay, that's what I thought. I just wanted to be clear on that. Thank you very much.

The Chair: — In the Supplementary Estimates book which we

have been reviewing in our last meetings.

Mr. Vermette: — That's fine. Thank you.

The Chair: — Okay. No other questions. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

The next item of business is Bill No. 42. I'll allow the minister time to bring his people in.

Bill No. 42 — *The Securities Amendment Act, 2008*

Clause 1

Hon. Mr. Morgan: — Thank you, Mr. Chair, we're ready to proceed. I am joined today by government officials Susan Amrud, executive director of the public law division; Jayne Krueger, Crown counsel for the legislative services branch; and Barbara Shourounis, director, securities division of the Saskatchewan Financial Services Commission. I will ask each of the officials when they speak to state their names so that it's clear for the folks in Hansard who's speaking, and I have a short opening statement, Mr. Chair.

In 2004 all of the provinces and territories except Ontario entered into a memorandum of understanding in which they agreed to harmonize, streamline, and simplify the securities laws across Canada. This harmonization project is known as the passport system. The amendments in this Bill form another component to the synchronized securities system, namely harmonized registration requirements for all passport jurisdictions.

Many of these amendments repeal the registration and other related provisions in *The Securities Act, 1988*, and these repealed provisions will be replaced by national instrument 31-103 registration requirements. This national instrument will contain the harmonized registration requirements that will apply in all the jurisdictions in Canada and is expected to come into force in 2009. Saskatchewan will adopt this national instrument like all national instruments, by way of regulation.

Upon implementation of the national instrument, a person registering as a person in the business of securities in any one of the passport jurisdictions will now be recognized by all passport jurisdictions. There is a protocol within Ontario so that the registration in a passport jurisdiction may also be recognized in Ontario, and in Ontario registrations will be recognized in the passport jurisdictions. This harmonized registration procedure simplifies the process for those in the business of securities in that it is only necessary to register once and no longer necessary to register in each province and territory.

The provisions in this Bill contain detailed rules for issues such as change from a trade trigger to a broader in-the-business-of trigger for registration; the power to impose terms and conditions on registration at any time; the power to review and require changes to a registrant's promotional material; the power to make an exemption order in enumerated situations; clarification of the power of the commission to issue a reciprocal order based on a decision of a regulator or court in another jurisdiction and a hearing process for such orders; measures allowing a claimant to reserve its right of action in civil courts pending a decision from the commission; and measures creating civil rights of action for misrepresentation in issuers' secondary market disclosure.

The Canadian Securities Administrators have continued to make changes to national instrument 31-103 registration requirements throughout the spring of 2008. The Canadian Securities Administrators republished the national instrument, and the closing date for comments was in July 2008.

We wanted to wait until a national instrument was closer to final form. A number of jurisdictions passed these provisions last fall and this spring, and at least one province that did so — Alberta — now needs to make amendments.

Thank you, Mr. Chair, we're ready to take questions.

The Chair: — Thank you. Bill No. 42, under the short title, this Act may be cited as *The Securities Amendment Act, 2008*. Questions? Mr. Quennell.

Mr. Quennell: — I guess I'll start off with the change from trigger to, or the change to the trigger — what was the phrase? Business . . .

Hon. Mr. Morgan: — In the course of trade rather than straight trade.

Mr. Quennell: — Yes, and the reason for and effect of that change.

Ms. Shourounis: — My name is Barbara Shourounis. Currently the requirement to register under *The Securities Act* is triggered when someone trades in a security, and trade is defined essentially as any sale of a security.

There can be trades in all sorts of transactions, from an executor selling a security in the context of administering a will, in the course of selling a security in a merger, an amalgamation under a statutory procedure. And it's been felt that the net is too wide, that the current provision in too many cases requires people to register.

The current trade trigger in securities legislation in all provinces of Canada is unique. Most of the other jurisdictions, foreign countries, have an in-the-business trigger and that means that you have to be in the business of trading in securities before you're required to register. And it's proposed that Canada move to the in-the-business trigger to only catch those that are in a continued course of conduct that would require their licensing as a securities firm or securities individual, that the public interest does not require continued in the . . . A trade trigger that we can move to, an in-the-business trigger and still protect the public interest.

Mr. Quennell: — So the current provision catches any number of people. And I think the example that you used of executors to a will, for example, would be caught by, at least in theory, by the language that's currently used. So the intent is to actually, in this aspect, narrow who's affected by the Act to those who are

in the business of dealing with securities.

Ms. Shourounis: — That's correct.

Mr. Quennell: — Okay. Thank you. In, I think, what must be the amendment or the definition section of the Act, there's some changes to definition — advertising, adviser, and dealer. What are the effect of those changes from the current situation, and what is the thinking behind that?

Ms. Shourounis: — I'm Barbara Shourounis. Do I have to say that every time?

Hon. Mr. Morgan: — No, no.

Ms. Shourounis: — Just the first time. All right. Advertising is the current term that's used in just one section of the Act, the section of the Act that creates the civil liability for misrepresentation in advertising that's used in the sale of a security. There's a new provision that's included in this Bill that gives the commission the power to, for just cause, to order that advertising for the sale of a security be submitted to the commission before it is used.

Sometimes people go out and use advertising inappropriately, and it's difficult to fix things after the fact, once the advertising has been used. So because we've included this new provision, we felt that the term advertising should be kind of moved up to the main definition section of the Act.

Mr. Quennell: — Are you broadening the definition of advertising to include more?

Ms. Shourounis: — The same as currently used.

Mr. Quennell: — It's the same definition now.

Ms. Shourounis: — Yes.

Mr. Quennell: — Okay.

Ms. Shourounis: — The definition of adviser is the same. It's just been moved down to give room for advertising, the new definition. And the definition of dealer has been changed to change it to be in the business of dealing. So you're required to be registered as a dealer if you're in the business of dealing. So the new definition incorporates that in the business concept.

Mr. Quennell: — Does this have the effect of narrowing who's affected by the provisions?

Ms. Shourounis: — It works with the amendment to section 27. The registration provision is section 27 and currently says that no person or company shall trade in securities unless they're registered. The new provision will say, no person or company shall act as a dealer unless they're registered. And so you therefore have to amend the definition of dealer to mean person or company that's in the business of dealing in securities. So the two work together to create the business trigger.

Mr. Quennell: — The definition on sales literature, is that for a similar reason as the definition for advertising?

Ms. Shourounis: — Yes it is.

Mr. Quennell: — So that hasn't been previously in the definition section?

Ms. Shourounis: — No, not in the main part. It was just in the part that, with created civil liability for advertising in sales literature.

Mr. Quennell: — And the definition of representative, that must be some sort of change as well.

Ms. Shourounis: — That's a new change. The current definition or the current term is salesperson, but it's felt to be too narrow. It works in the context of a dealer, so you have dealers and salespersons. We didn't have an equivalent term for advisers, so it was adopted to be a broader term that meant individuals that work for a dealer, or an adviser in a sales capacity or an advisory capacity.

Mr. Quennell: — Now I note that accredited investor is to be defined in the regulations, and I'm not sure we have any difficulty with defining it in the regulations. But has it been a term previously defined in the Act?

Ms. Shourounis: — No it hasn't. That term — accredited investor — is used in national instrument 45-106 which is the prospectus and registrations exemptions. It's one of the key exemptions from the registration and prospectus requirement.

And it's basically a whole basket of entities that financial institutions, pensions . . . Oh I can't think of the term . . . people that are professionals in the industry, along with a smaller basket of individuals with a very high net worth and high income. And because we want to keep flexible who is an accredited investor, exemption 45 or national instrument 45-106 contains the clause "and as may be designated by the commission." So this new power would give all of the commissions the power to designate accredited investor, thereby creating some flexibility with that national instrument without having to publish it for comment and go through the whole amendment process.

Mr. Quennell: — And the prohibitions against persons or companies acting as a dealer or underwriter unless they register as a dealer, and acting as an adviser unless registered as an advise, I assume that there are similar provisions currently in the Act and that this amendment is required by the change from trading with securities to dealer. Is that correct?

Ms. Shourounis: — Yes. There are a few new requirements in section 27. There's a requirement that investment fund managers be registered. An investment fund manager are the people or the firms or entities that manage mutual funds. Currently they're not regulated directly by securities regulators. They play an important role in managing the assets and keeping the assets of mutual funds safe. And so there have been long outstanding kind of suggestions to increase investor protection, that these people performing this function be registered. And this new provision requires that.

As well there's a new registration requirement for chief compliance officer and ultimate designated persons within

dealers, and these are the people that are responsible for the firms complying with Saskatchewan's securities laws and securities laws generally. It makes more robust the whole system of oversight and compliance within the firm.

Mr. Quennell: — And the next section amended has to do with the powers of the director. And are there new powers here?

Ms. Shourounis: — No, the power is just amended to make it clear that the director can amend or restrict a registration at any time, not just when the registration is granted initially.

Mr. Quennell: — And the same with the duties of the registrant and investment manager to deal honestly, fairly, in good faith and then it's laid out with more specificity. Are any of those duties new in the Act?

Ms. Shourounis: — No, they're just put together in the same section of the Act. They apply both to registrants and investment fund managers that have more of a fiduciary obligation to clients over and above the normal fairly, honestly, in good faith of registrants generally. Advisers have the fiduciary obligation as well. That was in another section of the Act and we put the two together.

Mr. Quennell: — Okay. In respect to the amendment of, or the addition after, section 52, — the requirement to deliver copies of advertising and sales literature — are there any new requirements here or is this part occasioned by the expansion and definition of advertising and sales literature?

Ms. Shourounis: — This is a new requirement, a new power, and it's an equivalent power to those in place in other jurisdictions. And we felt that it was a good power that the commission could have used in some circumstances, and so we felt that now is a good time to include it in Saskatchewan.

Mr. Quennell: — All right. That actually leads to a question that's not so specific to the Bill, in that there was some suggestion in what you just said about picking and choosing, as opposed to this being automatically a copy of what's been approved or going to be approved in other provincial jurisdictions. And are there examples in our securities legislation now of provisions that we decided that we did not have to adopt for the purpose of the passport system that maybe exist in other legislation in other provinces?

[15:30]

Ms. Shourounis: — No. With these amendments, we work very closely with other provinces to make the amendments necessary to implement both the passport system — which is the one decision part of passport — and the new registration requirements in national instrument 31-103. We've adjusted things and repealed . . . As you can see, a lot of things are out of the Act because they'll be captured in 31-103.

This is a new power that is given to the commission to more effectively regulate registrants. It's not a requirement but we felt it was a useful power. And when we were working with the other jurisdictions to come up with this package of amendments, we identified that this was a power that would be useful to have.

So this is, I think, the only new requirement for the most part. A lot of the registration requirements are being repealed from the Act. Because they will be replaced with 31-103, there'll be national uniform requirements.

Mr. Quennell: — All right. I'll proceed ahead to . . . Well, I know subsection 79(3) is amended by striking out dealer or person, substituting person or company. So that's a case where you've removed dealer?

Ms. Shourounis: — Yes. Because the definition of dealer was so broad and it caught so many people, it was assumed that any time a prospectus was given out it would have been by a dealer. Now with the in-the-business trigger, there may be cases when an issuer can sell its own securities. They'll still be required to deliver a prospectus, but it won't be by a dealer, it will be by a person or company that has sold the security.

Mr. Quennell: — So there's a number of subsections to section 79 that's happening, I note.

Ms. Shourounis: — Yes.

Mr. Quennell: — Okay.

Ms. Shourounis: — It's to broaden.

Mr. Quennell: — All right. And what is the effect of changing . . . The offering memorandum has been amended to the distribution pursuant to the offering memorandum in section 80.1.

Ms. Shourounis: — This is a section that requires the obligation where an offering memorandum is used both to require that it be delivered to a prospective purchaser and to file it with the commission and also, if an offering memorandum has been amended, to deliver it to the prospective purchaser and to file it with the commission. The filing of the initial offering memorandum was 10 days after the trade. The filing of the amended offering memorandum was a different time, and what we did was amend the filing of the amendment to 10 days after the amendment.

Mr. Quennell: — The next section discussed here is where it sets out some of the powers of the commission. And for all those following this discussion, how is the commission made up? How is it . . .

Ms. Shourounis: — It is made up of a full-time chairperson and up to six part-time commissioners who are appointed by the Lieutenant Governor in Council.

Mr. Quennell: — And they've been referred to as quasi-judicial in the past. I don't know if that's still . . .

Ms. Shourounis: — They still are. They have the power of hearing enforcement actions under the Act.

Mr. Quennell: — And is this a significant change, this repeal and substitution, to their powers?

Ms. Shourounis: — Which section is this?

Mr. Quennell: — Eighty-three, being repealed and the following substituted.

Ms. Shourounis: — This is the power of the commission to grant exemptions from the prospectus and registration requirements, and it was triggered by the, again, the change from the trade to in the business. Right now it says that the commission may order that any trade not be subject to the registration prospectus requirement because we've moved away from trade-triggering registration. We went instead to granting an exemption from section 27, the registration requirement and 58, which is the prospectus requirement.

Mr. Quennell: — Jumping ahead to section 128 and the prohibition against mutual fund insider trading, is that new? It's on page 6.

Ms. Shourounis: — We've repealed . . . The term used to be in, of portfolio manager. Portfolio managers are those that have the authority to manage a person's portfolio on their behalf and make decisions as to investment in securities on their behalf. This is a subset of adviser. Adviser is a general, broader term used in the Act. It's kind of a big term defined in the Act used in section 27, and it was felt that rather than have the specific subset portfolio manager referred to, we would go the broader term, adviser, wherever portfolio manager was used.

Mr. Quennell: — Prohibition isn't new, but you're broadening who it potentially affects?

Ms. Shourounis: — Yes.

Mr. Quennell: — And the ability of a claimant to commence an action or proceeding for compensation, any significant change there?

Ms. Shourounis: — There is a significant change. This was a new provision that was brought into force in 2007. It was modelled on Manitoba's provision which was the first time any securities commission in Canada had been given the power to actually order compensation to someone who'd lost money as a result of the contravention of *The Securities Act*.

As we were working through it, once it was implemented, the old provision had a provision subsection that said that once you've made a claim under this provision of the Act, you were precluded from making a civil claim against the same person. And it was felt that that wasn't fair that the old provision said that if claim had been commenced in the civil courts, that civil action was stayed.

We felt that that wasn't fair in that this provision gives the power to the commission to make orders up to $100,000. In some cases losses may be larger, so they should have the right of civil action. Perhaps the commission will not grant them an order. They shouldn't be precluded from trying to be successful in civil court. So this amendment is to just stay the civil proceeding, but not stay it absolutely, just kind of halt it temporarily while the commission is dealing with the matter.

Mr. Quennell: — I remember Finance Minister Selinger's promotion of that change in Manitoba and then of course across the country. The changes in respect to misrepresentation . . .

Ms. Shourounis: — This is a . . . Sorry, did you have a question?

Mr. Quennell: — Well yes. The earlier language that's been ". . . is deemed to have relied on . . . misrepresentation if it was a misrepresentation at the time of purchase . . ." is being placed with: ". . . without regard to whether the purchaser relied on the misrepresentation." I'm not sure of the legal difference there.

Ms. Shourounis: — I'm not either. But there have been new provisions adopted within 2007 as well, creating a whole regime for civil liability for misrepresentations in disclosure in the secondary market. Up until that time, there were civil liability for misrepresentations in offering documents when securities were first issued to the public. That would be a primary distribution. So this whole new regime for civil liability in the secondary market contained its own language, and it contained the language that we're moving toward, we're changing to.

The language in the legislation was adopted through a kind of a committee of regulators headed by Ontario, based on a group of industry experts. And the language in the civil liability for secondary market contained this language which we adopted in the new part of the Act, and what we're doing is changing the existing provisions to reflect the new words. Again I'm not sure what the technical difference is, but we felt that we had to be uniform between the old provisions and the new.

Mr. Quennell: — And I appreciate that. It seemed to me that neither required the claimant to prove reliance, and it seems to be a change without a difference but . . .

Ms. Shourounis: — Yes.

Mr. Quennell: — Okay. The access to information provisions in section 142, are those in respect to insider trading as well, or is that for some other purpose?

Ms. Shourounis: — This is a provision that says that any portfolio manager, someone that's managing the portfolio of another person, primarily mutual funds, can't use the information that they've gathered in the course of their work. If they're going to put in a large order, it could move the market, affect the market price, so they can't trade on their own behalf using that knowledge of the trade that they're carrying out in their professional capacity.

Mr. Quennell: — So at least similar provisions to the insider trading prohibition.

Ms. Shourounis: — Yes. It's for a similar purpose, and it's just a technical change. We're just deleting "portfolio manager" and substituting "adviser," and the substantive meaning remains the same.

Mr. Quennell: — My colleagues may have some questions. I don't think I have any more questions. Thank you.

The Chair: — Are there any other questions? Being there are no other questions, we will proceed on the vote of Bill No. 42. Under the short title, the "Act may be cited as *The Securities Amendment Act, 2008*," is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 36 inclusive agreed to.]

The Chair: — And Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Securities Amendment Act, 2008*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Can I have someone move that Bill without amendment?

Mr. Chisholm: — I so move.

The Chair: — Mr. Chisholm. Okay, that's it for that Bill.

Hon. Mr. Morgan: — Thank you, Mr. Chair. I'd like to thank my officials that are here today. I presume the member opposite would probably like to extend his thanks as well.

Mr. Quennell: — I'll join with the minister. Thank you very much.

The Chair: — Thank you very much, gentlemen. And thank you to your committees. We give time for the minister to bring in his people, and we move to *The Residential Tenancies Amendment Act*.

[15:45]

Bill No. 62 — *The Residential Tenancies Amendment Act, 2008*

Clause 1

The Chair: — If the minister's ready to start, I would ask him to introduce his officials.

Hon. Mr. Morgan: — Yes, Mr. Chair. I'm joined today by three officials: Susan Amrud, executive director, public law division; Mary Ellen Wellsch, senior Crown counsel legislative services; and Andrea Jorde, deputy director of residential tenancies.

Mr. Chair, members of the committee, I am pleased to be here today to answer your questions concerning Bill No. 62, *The Residential Tenancies Amendment Act, 2008*. These amendments are in part, one of this government's responses to the report of the task force on housing affordability known as the Merriman-Pringle report. The report delivered in June made specific recommendations respecting *The Residential Tenancies Act, 2006*. It recommended that the province, and I quote:

> Amend the *Residential Tenancies Act* to require landlords to provide six months notice prior to rent increase on month-to-month rental accommodation, and prohibit rent increases in leased rental accommodation other than those agreed to by the landlord and tenant as part of a lease agreement.

Accordingly two of the amendments do exactly that. In addition we have agreed on a House amendment that will ensure that a landlord cannot give a notice of rent increase within the first six months of a tenancy or more often than every six months after that. In summary, Mr. Chair, that provision or that amendment will limit the rent increases to two per calendar year.

We are also taking the opportunity to address certain administrative inefficiencies found in the legislation and make some housekeeping amendments.

Regarding administrative efficiencies, there are three. First, the Office of Residential Tenancies has found that the process for security deposits is not as efficient as it might be. Under the current processes, in order for a landlord to retain a security deposit to cover damages to a rental unit, the landlord must apply to the Office of Residential Tenancies for an order to that effect unless the tenant has consented in writing to the retention of the security deposit.

Statistics show that over 90 per cent of those applications are not opposed by the tenant, which uses up time and resources that could be better spent elsewhere. The amendment therefore requires a tenant to make the application. This will ensure that only legitimate disputes require the intervention of the Office of Residential Tenancies.

Second, where a security deposit dispute does arise in the case of a Social Services client, the Office of Residential Tenancies must now contact Social Services to get an address for the tenant in order to notify the tenant. Under the amendments, one step will be saved, as the Ministry of Social Services will notify the tenant.

Third, anecdotal evidence shows there are occasions in which a landlord applies for an order for immediate possession, known as an eviction order, but the hearing officer does not find the evidence to be sufficient to order immediate possession. In some cases the evidence would establish grounds for possession under section 58, which would be possession at the end of the next month, but the hearing officer does not have the power to order it. The landlord must then reapply.

The amendment permits a hearing officer to make an order under either section on an application for immediate possession. I'd be please to answer your questions, but by way of procedure, Mr. Chair, it may be appropriate to have the House amendment put forward at this time so that we could discuss it in its entirety, or . . .

The Chair: — Okay, I would ask for the amendment. Mr. Chisholm.

Mr. Chisholm: — The proposed amendment reads as follows . . .

The Chair: — I've been instructed that we should supply the members with a copy but not read the amendment now. So if we could supply them with copies. So we'll pause for a minute while we make the amendments.

Hon. Mr. Morgan: — Mr. Chair, I think that all members likely have copies of the amendment. I'm not aware . . . No, not everybody. Okay.

The Chair: — We will start the questions now, and just as soon as they've got those amendments printed, they will pass them out. So if . . . Mr. Quennell, are you doing the questioning?

Mr. Quennell: — Maybe a couple of questions that the amendment doesn't affect in any case. First of all, on the security deposit and shifting the onus to the tenant to make the claim: is the minister at all concerned that the tenants in most need of having that cash back will be the ones least likely to understand their legal obligation when the legislation changes, to be making these notices and claims?

Hon. Mr. Morgan: — No, I think the shifting of the onus is if a tenant wants the damage deposit back, it's reasonable to assume that they at least take a positive step by contacting the Rentalsman. I don't think it's an unreasonable position for it, and I don't think lack of sophistication would be an issue on it.

Mr. Quennell: — I think it was called anecdotal evidence. But I think the anecdotal evidence I have is about the same, that about 10 per cent of these are disputed. What cost savings are being achieved here by making this shift?

Hon. Mr. Morgan: — The cost is, in each case, the landlord has to make an application. The funds have to be paid by the landlord to the Office of the Rentalsman. The Rentalsman has to receipt them and maintain all the bookkeeping. So for 90 per cent of those situations, the Government of Saskatchewan has to go through the expense of receipting the monies, keeping the monies and then, at the end of the period, returning the monies to the landlord.

So there was a dollar value, and I think the officials might remember the dollar value, but it was of some significance. I think the indication was it was in the range of $50,000 a year for the government expenditures on that.

Ms. Jorde: — That's correct.

Mr. Quennell: — And this is a $25 fee for the landlord?

Ms. Jorde: — That's correct. Yes.

Mr. Quennell: — Yes. And is there a proposed fee for the tenant?

Ms. Jorde: — No, there isn't. An application fee for the tenant? Sorry, it's Andrea Jorde.

Mr. Quennell: — And I guess the proposition I'll put to the minister is that landlords are in the business of dealing with security deposits, whereas tenants aren't in the business of being tenants, and that it's more reasonable to place this onus upon landlords than it is upon tenants.

And I guess I can pose that as a rhetorical question, but I would like the minister's answer. Is it not more reasonable to have left this as a responsibility of landlords who are in the business of being landlords than making this transfer of responsibility?

Hon. Mr. Morgan: — No, I think it's fair to assume that a landlord would have better knowledge of how the system might work, but I think this is a situation where it's a none-of-the-above type of answer. The tenant doesn't have to deal with anything if the tenant is choosing not to oppose the landlord keeping the monies. The landlord has no expense to pay the money in. The Government of Saskatchewan has no expense to pay the money in. And in the case where a tenant does wish to dispute it, the tenant goes through virtually the same process they did before. So there's, I don't think anybody that's adversely affected by it. It's not a matter of shifting a cost, it's a matter of shifting an onus to indicate that the deposit is in dispute.

Mr. Quennell: — Okay well, as is often the case with opposition, I'm learning we'll just have to agree to disagree. Now on a similar question, the dispute of a termination of tenancy. As I understand it, the new provisions require a notice in the case of a dispute by the tenant served on the landlord. Now does that service commence a hearing?

Hon. Mr. Morgan: — I'm going to let the officials answer with regard to the process.

Ms. Jorde: — Pursuant to section 58 and 59 and 68, a landlord can apply for possession for a variety of reasons. Under 68, that's the section that a landlord can apply for immediate eviction. There's no requirement that a landlord serve any notice to terminate.

Under 58 and 59 and 60, there is a requirement that a notice be served. We're simply trying to make it clear and consistent in all cases that once the notice of termination is served on the tenant, they're made aware that in order to dispute that, they simply sign that notice, return it to the landlord, and then it's up to the landlord to come to our office and file an application for possession.

Mr. Quennell: — Okay, so just making sure that people don't fall through the cracks here. A landlord serves, well, advises me that I'm going to be terminated. I provide him with notice that I dispute it. What if the landlord doesn't provide that to the Residential Tenancies office? Because it doesn't have me providing it to the Residential Tenancies office. It has me providing it to the landlord. How does the Residential Tenancies office find out I dispute the termination?

Ms. Jorde: — Well presumably the tenant won't move out when the landlord wants them to move out. And so then in order to have a tenant vacate, they have to get a order and a writ for possession from our office, and the sheriff will execute that writ.

So once a tenant indicates to a landlord that I disagree with your notice to vacate or your notice of termination, I'm disputing it, they sign that notice and return it to the landlord. And that puts the landlord on notice that they have to file an application for possession with our office and go through the hearing process.

Mr. Quennell: — But if the landlord doesn't tell your office that the tenant has disputed the termination, signed the notice, how does your office know? Your office just would grant the order unaware that the tenant has provided this notice to the

landlord?

Ms. Jorde: — Well it would have to come to a hearing. Quite often tenants are aware that they can't be evicted unless there's an order of possession through our office, and they have to go through the hearing process first. So that's how they get to the hearing, is the tenant advises the landlord that they dispute the notice, and then the landlord has to file the application for possession. And then that's what commences the hearing process.

Mr. Quennell: — But if the tenant signs a dispute with the landlord, and then the landlord just shows up at the end of the month and says, why aren't you out, how does the tenant know that the Residential Tenancies office has no idea that the tenant had a dispute with the reasons for eviction?

Ms. Jorde: — Well they come to our office. The tenants are aware quite often that they don't have to move out unless they have, the landlord has an order for possession, and they're advised of a hearing. So we get the hearing set up. The landlord has to serve a notice of hearing on the tenant to bring them to that hearing.

Hon. Mr. Morgan: — I think the process that would take place would be . . . What you're trying to avoid is the possibility of the landlord not disclosing that they've received a notice of dispute from the tenant. But before the order is made, there has to be a hearing, and that hearing notice has to be served on the tenant. So they wouldn't get the order by default.

Mr. Quennell: — There's going to be a hearing for every termination of tenancy whether . . .

Hon. Mr. Morgan: — For everyone where the landlord wants an eviction order.

Ms. Jorde: — And if it's disputed by the tenant. Some tenants will just move out.

Mr. Quennell: — Yes, and if it's disputed. But then the hearing rests on the disputation — that's a cumbersome word — but the hearing rests on the tenant disputing it. The knowledge that the tenant has disputed it rests only with the tenant and the landlord under this system. I think there might be a gap here that's relying on a sophistication on the part of tenants that isn't always there, and actually I mean isn't there, perhaps with the tenants who need the protection of the Act the most?

[16:00]

Ms. Wellsch: — My name is Mary Ellen Wellsch. The alternative is the way it's under these sections right now, is that the landlord gives the notice of termination to the tenant and the tenant is required to take a positive step to go to the Office of Residential Tenancies to make an application to stay, essentially. And so this is considered to be better for the tenant — that all they have to do is sign the notice and give it back to the landlord.

Mr. Quennell: — And my concern is that you're moving from the tenant providing the independent office that needs to know that there's a dispute with the information, to the tenant providing the landlord with the information and then trusting that the landlord in all cases.

And I don't want to go into the circumstances of a particular landlord that's been through the court system in Saskatoon, but to rely on that person for example to be providing the notices to the Residential Tenancies office may be just expressing too much confidence in every single landlord.

Hon. Mr. Morgan: — I think you're making two assumptions. One, you're assuming what would amount to criminal conduct on the part of the landlord by concealing the fact that a notice was served, because no doubt when the process goes ahead, the Office of the Rentalsman is going to ask.

And then I think the other portion is that the Office of the Rentalsman would no doubt ask before granting an order, did you receive a notice of dispute? Did you serve the notice of this hearing on the tenant? So I think there's a couple or three checkstops that are there.

The point though that you make is well taken, and it's one that I think the Office of Residential Tenancies would want to watch for as the Act is applied. But I think at the present, with this change it's better protection than they had under the previous Act. It wasn't intended to water down the protections. It was just a streamlining of the process.

Mr. Quennell: — Mr. Chair, I'm sure the minister agrees because his remarks foreshadow mine. I think this needs to be watched very carefully in practice, and I would hope that MLAs [Member of the Legislative Assembly] play a role here in making sure their constituents aren't affected adversely by this change.

I hope it works as well as the ministry and the Office of Residential Tenancies think it's going to. And it may very well. But I think it's a legitimate concern, and I think it needs to be watched very carefully, both by the officials charged with the Act and by politicians.

I think that takes us to the questions about the amendment. And I guess if the minister and the Chair would . . .

Mr. Forbes: — I have some questions about . . .

Mr. Quennell: — On this topic?

Mr. Forbes: — Yes.

Mr. Quennell: — Okay. Yes, all right. I'll surrender the floor.

The Chair: — The Chair recognizes Mr. Forbes.

Mr. Forbes: — A couple of quick questions. The minister referred to in his opening remarks that some of these things would free up some time and that time could be used elsewhere. And you talked about $50,000 worth of time being used. What will that time or what will it be better used as now? What are your plans for? That's a fairly significant amount of money. That's almost a full-time equivalent.

Ms. Jorde: — Yes, we'll be losing one full-time administrative

assistant. It will free up some of the director's time as well as the two deputy directors' time to do more hearings. So there could be a cost saving with contract officer time there.

Mr. Forbes: — So in terms of the hearings, what type of hearings are you anticipating that you'll go through the hearings more quickly? What can we see differently in the office now?

Ms. Jorde: — I think we're avoiding about 5,000 applications that are not disputed.

Mr. Forbes: — I'm not arguing that; obviously that's dealt with. What I'm saying is now it will look different. Because we've got this amendment through, what will be different?

Hon. Mr. Morgan: — I think you can assume that we will have one less person working in the office on a province-wide basis. And I can assure you that's not done by way of a layoff. It's just, you know, by way of reassigning or by way of attrition. So there'll be one less person working.

But more importantly I think it will give better service to both tenants and landlords because if the process is streamlined and we're not doing a large number of these uncontested hearings — literally thousands of them a year where the landlords have to come in and go through the process — it should make it easier to have a hearing officer accessed by an applicant, either a landlord or a tenant. So hopefully the process going through that office should be somewhat expedited, and it should be greater accessibility.

You're probably aware from the people that you've talked to, the Residential Tenancies office give pretty good service. Usually if somebody needs to get in, they get in quickly. If there's emergency matters that have to be dealt with, they're done pretty effectively. And when you read the decisions that are made, they're high calibre, and a lot of thought and deliberation has gone into them.

Mr. Forbes: — My point is, you know, not about the specific amendment. And obviously you think it will improve the service, and we hope it does. We have some concerns that we've talked about. But my concern is that how do we track what happens in the Office of Residential Tenancies?

I was encouraged to see, I called this summer actually in June to find about some stats, and I was very happy to have that person help me out with the information. So I'm hoping that over the course of the next few years that there'll be more tracking, more thorough stats kept in the office, so that we actually know what's happening in terms of the effects of these amendments here.

For example I guess I'd be very concerned if we see a sudden drop in the eviction notices being challenged by tenants. Now it may be because all of a sudden there's a much better climate out there, and everybody feels much better about their working relationships. But as my colleague from Saskatoon Meewasin pointed out, that this may have an unintentional effect of those people who aren't fully aware of their rights may just let it go.

So I'm hearing a couple of things that I'm concerned about. If there is a really quick layoff of one person being reassigned somewhere else in the ministry, I'd like to see us track what's actually happening more.

My other question though is for this. You alluded to two recommendations that came out of the Merriman-Pringle report. And that's fair enough, but this particular amendment didn't come out of the Merriman-Pringle report. And so my question is, who were the stakeholders that you consulted about this, and what did they say about this? Are people aware, especially the tenant organizations, the advocacy organizations? I think of one in Saskatoon — Equal Justice for All — who often deal with the Office of Residential Tenancies. Are they aware? Has the office talked to them that this amendment will be advanced this fall?

Hon. Mr. Morgan: — Two things and I'll let the officials answer. I think whenever a change like this is made, I think it's incumbent on the staff to watch for anecdotal changes and then statistical changes as well. We track the number of applications, you know, everything as it comes through.

So the point you make about watching to see whether there's a likelihood of an adverse event is a point that's well taken, and I'm confident that the staff at that office will watch that aspect of it. So I think we should be all right by way of monitoring it.

The second point you make about the consultation, I know that the ministry officials made a number of calls to a number of different groups. I would think that the type of changes that are here would likely be welcomed by an advocacy group because the ones that are dropping out of the process will be the 90 per cent that choose not to participate. They're not going to be the ones that are going to an advocacy group, and the process for those that do choose to go, it's made more simpler. There's no fee. They just sign the notice back to the landlord. So I would think from that point of view, they should be accepting on it. I'll let the officials add if they wish to.

Ms. Jorde: — Well I'd like to get back to this concern that you have about tenants not disputing a notice to terminate, and if I could just explain. I probably didn't do a very good job of this. Notices to terminate are prescribed by the Act, so they have to use a specific form that's provided by our office and it provides . . . At the very bottom of that form, it will advise the tenant, if you dispute this notice, this is the action that you have to take.

And in some cases the requirement is that they sign the notice and return it to the landlord indicting that they dispute. That puts the landlord on notice, file a claim with our office. Other times they are directed to come directly to our office and make an application disputing the landlord's notice to terminate.

So we're just trying to make this consistent and easier for the tenant. In all cases all they do is sign the bottom of the notice to terminate, advising the landlord that they dispute the reasons for the termination notice, and the landlord is on notice that they have to file a claim.

Now we don't allow an order and a writ for possession if the landlord hasn't used the proper notice to vacate. So it's very clear on that notice that the tenant is made aware of what their rights are, pursuant to the legislation. I hope that eases some of your worries in that regard.

Mr. Forbes: — I just think it's important to have this discussion. I appreciate your answers and of course that you'll be watching this. This is very important, and we've had this concern raised with us, so thank you. I'm done with my line of questions on this particular area.

The Chair: — All right. Mr. Vermette, do you still have questions?

Mr. Vermette: — Yes. I guess just for clarification. I agree with the concerns that are raised here and you know, thank you for your guys' information.

I'm trying to go through the process. I'm sitting here listening to, and at first, you know, I'm kind of a little bit of shocked at the process. But then you explained a little better, and to understand, the onus will be on the landlord if the termination letter is signed by the tenant. That's all they have to do. Provide that, give it back to them — that's what you're saying. It's as simple as that process. It has to be on a special form explaining to them.

Can you tell me currently . . . You say you automatically have to deal with anybody that was asked to leave a residence, your office was involved in that?

Ms. Jorde: — Only if they dispute it. Like there are some tenants that will get a notice to terminate, and if they agree with the reasons that the landlord has given, they'll just vacate at the end of the tenancy. So they won't take any steps to dispute that notice to terminate.

Mr. Vermette: — So then to be clear then, you would not know how many people out there have been removed from a residence. They disagreed with it, but they didn't know what else to do — they just left — you would not know. We wouldn't know that then.

Ms. Jorde: — Well it would come to a hearing because the only way that they can be removed is if the sheriff acts on a writ, executes a writ. And in order to get that writ, they have to make their application to our office.

Hon. Mr. Morgan: — If your question is how many people voluntarily leave, there's no way to track that, and there never has been. I mean if a landlord says I want you to get out, you know — there's a party going on; holes being kicked in the wall; the landlord goes over and says I wish you'd get out, or get out, and the tenant goes — we have no way of doing that. We have no way of knowing whether the landlord is complying with the Act or not.

We suspect there isn't a great number of those because we would likely hear about them later on or something. But we're not aware of a great number of situations where a landlord has acted improperly or not given notice. But I mean it's certainly a way we would have no way of tracking that.

Mr. Vermette: — Then I guess for my own, to clear this up, if one did know of such incidents of tenants being removed without going through a process — whether they agree or not, they're out. And that's how sometimes it's been dealt with. So I guess you guys wouldn't know that. So it's going to be our job, and I guess the people's job to bring that to your attention, you know, as best we can.

It's just the whole process kind of concerns me when we started out. But at the end of the day, I mean, we're hoping we're all working for the tenants and trying to make sure that it's a fair process before they get removed from their home.

Hon. Mr. Morgan: — I think you make a valid point. I mean it is the tenant's home, but at the same time we want to ensure that it is a fair and level playing field for both the landlord and the tenant. And that was certainly the purpose of having the Office of the Rentalsman set up initially.

And I think if you read the judgments that are made by the staff there, you get a sense of the fairness that is there. And I don't think there's a great deal of abuse on the part of the vast majority of landlords. I'm not saying, you know — they're like any other group — that there isn't an odd bad apple.

But if an MLA were to find a situation where a tenant was improperly removed, that tenant should be invited to go back and bring an application. They may get some significant damage or some relief even after the fact.

If a landlord has breached the provisions of the Act and the tenant finds out about it later on, the fact that they've moved doesn't preclude them from going back and seeking damages to cover their moving costs or, you know, something against. So don't assume that it's too late.

[16:15]

Mr. Vermette: — Okay. My last question, just for clarification with your department and your agency that works on having hearings, someone was to notify you that they disagree with their landlord's removal. And they want to . . . I guess you're notified however it is now or through the letter it's handed. How long will it be before that individual will get a hearing with somebody from your office?

Ms. Jorde: — For applications for possession, we usually get a date within seven to ten days. Quite often it's seven days.

Mr. Vermette: — Okay, thank you. No further questions, Mr. Chair.

The Chair: — Are there any other questions? Back to Mr. Quennell.

Mr. Quennell: — Since we're looking at re-opening, the government's re-opening the terms of eviction and notices and such — and I unfortunately don't have a current Act in front of me — but I'm advised that section 58(1)(h) provides that if a tenant breaches "a material provision of the tenancy agreement", the tenant can be evicted. While a public housing tenancy is terminated under 51(1)(l),if the tenant merely breaches "a provision of the tenancy agreement that the landlord reasonably requires the tenant to comply with".

I guess it'd be as fair a question to me as the former minister as it is to the current minister, but while we have the officials here, what's the ministry's understanding of the reason for the

difference?

Ms. Jorde: — Quite often we see applications under (l), the public housing authority and I've only seen it . . . In all cases, it was because the tenant refused to provide income verification, and that was the basis for the rent being set at such and such a rate. So if the tenants failed to refuse to provide that income verification, landlord would under section 58 be required to give them a warning first of all, an opportunity to remedy. And if they didn't, then they would be served with a calendar month's notice under section 58.

Mr. Quennell: — Yes. Well the concern's been expressed now — I'll pass it on here — that there might be some difficulty with treating public housing tenants differently than other tenants in the language.

Now I appreciate and I accept the answer as to how public housing tenants have been treated differently because of that circumstance, and if that's the only the way the legislation's ever been used . . . But the legislation itself might be subject to attack in that it treats the two classes of tenants differently in their rights. Now I appreciate that's not in the Bill, but this is an opportunity to raise that concern. I thought I would take it.

Now in respect to the number of rent increases in a year, I don't want to put this too strongly, but I appreciate the government's movement in respect to this matter. However I still would want to pose the question as to why the Government of Saskatchewan would consider it suitable in a neighbouring province of Alberta to have only one rent increase a year with three month's notice, but not consider it appropriate to have a similar provision in the province of Saskatchewan.

Hon. Mr. Morgan: — Mr. Chair, there is a variety of different approaches across Canada. The most prevalent is where rent increases are allowed once a year on three month's notice.

The Pringle-Merriman report recommended a six-month notice period. My guess is that the logic was that we were in a period of rapid escalation of rents, and we also were looking at a large number of units were taken off the market for condo conversions. So I think that that the authors of that report were focused on a period of stability more than focusing on the number of rent increases, that they were trying to cool what was an overheated market.

In response to the concerns from the opposition and the discussions we've had, we've agreed that we would limit the number of increases to two per year. The rationale for limiting it to two per year, rather than one per year, is that if you had it one per year and were in a period of still relatively high increases or high market demand, you would have a very substantial increase, and at twice per year gives a slightly better cushion.

The change that we have agreed to is that we would limit the number of increases to two per year, so that the period of stability would continue for the entire six-month period and then for the next six-month period if another notice is serviced. If a notice isn't served, then of course, you know, the period of stability is that much longer.

So by this amendment we have satisfied the recommendations of the Pringle-Merriman report for a six-month rather than a three-month period, and we've achieved a compromise between what's taken place in some other jurisdictions and what we think is reasonable given our market conditions.

Mr. Quennell: — Well as I think has become clear over discussions in both the Chamber in second reading and today, we consider this to be some relief to tenants in the situation that they have found themselves in over the last year, in what the minister refers to as an overheated market and have decided that — although we think more could have been done, and we question the need for some of the changes in the legislation which I think is evident from what's gone on today — that it would be unreasonable to hold up some relief in what we think may still be what the minister calls an overheated rental market.

So that said, Mr. Chair, I don't think I have any further questions on the Bill.

The Chair: — Okay. There being no other questions, Bill No. 62, the residential tenant Act. Short title, clause 1, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

Clause 6

Mr. Chisholm: — Mr. Chairman, can I interrupt? We have an amendment, a proposed amendment to bring forward regarding clause 6.

The Chair: — The Chair recognizes Mr. Chisholm. Would you read your amendment?

Mr. Chisholm: — I will. Moved by myself, the proposed amendment for Bill 62 reads as follows:

> Strike out Clause 6 of the printed Bill and substitute the following:
>
> "**6(1) Subsection 54(1) is repealed and the following substituted**:
>
> '(1) Subject to subsection (1.1), a landlord must give a tenant written notice of a rent increase for a periodic tenancy at least six months before the effective date of the increase.
>
> '(1.1) A landlord shall not give a written notice of a rent increase pursuant to this section until at least six months have passed since the later of:
>
> (a) the date that the tenant is entitled to occupy the rental unit; and
>
> (b) the date of the last rent increase'."

And secondly:

"(2) The following subsection is added after subsection 54(5):

'(6) This section does not apply to rent increases made by a non-profit corporation'."

The Chair: — The amended clause reads as follows:

Strike out Clause 6 of the printed Bill and substitute the following:

"6(1) Subsection 54(1) is repealed and the following substituted:

'(1) Subject to subsection (1.1), a landlord must give a tenant written notice of a rent increase for a periodic tenancy at least six months before the effective date of the increase.

'(1.1) A landlord shall not give a written notice of a rent increase pursuant to this section until at least six months have passed since the later of:

(a) the date that the tenant is entitled to occupy the rental unit; and

(b) the date of the last rent increase'.

(2) The following subsection is added after subsection 54(5):

'(6) This section does not apply to rent increases made by a non-profit corporation'."

Is there any debate on that amendment? Carried.

Clause 6 as amended, is that agreed?

Some Hon. Members: — Agreed.

[Clause 6 as amended agreed to.]

[Clauses 7 to 13 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: Bill No. 2, *The Residential Tenancy Amendment Act, 2008.* Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I'd ask the member to move the Bill as amended.

Mr. Brkich: — I will move the Bill as amended.

The Chair: — Mr. Brkich. I'd like to thank the minister and his officials.

Hon. Mr. Morgan: — Mr. Chair, I'd like to thank all the members from both sides of the House for their deliberations and their respectful comments that were made. And I would also like to thank my officials for being here at this time. Thank you, Mr. Chair.

The Chair: — Thank you.

Mr. Forbes: — I too would like to thank the officials and the minister for the answers, and we appreciate the time. Thank you.

The Chair: — Thank you, one and all. We will now have a five-minute recess, or as soon as the officials get here. And we'll be moving to Bill No. 64.

[The committee recessed for a period of time.]

Bill No. 64 — *The Northern Municipalities Amendment Act, 2008 (No. 2)*

Clause 1

The Chair: — All right ladies and gentlemen, we will resume with consideration of Bill No. 64, *The Northern Municipalities Amendment Act* and I'd ask the minister to introduce his officials and any opening remarks.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair, members of the committee. It's a pleasure to be here once again to discuss this particular piece of legislation. With us today we have a number of senior folks from the Ministry of Municipal Affairs. First off, Maryellen Carlson who is the assistant deputy minister. And we also have Mr. John Edwards, executive director for policy development; Norm Magnin, policy manager; Elissa Aitken, policy and legislation manager; and Carla Bing-Wo who's the senior policy analyst. That's our group today.

The Chair: — Any opening comments?

Hon. Mr. Hutchinson: — Very briefly I'd like to begin by thanking the members of the opposition for their co-operation in very speedily getting down to the very important business of consultation with northern municipal sector partners and in moving today, in House, to bring this particular Bill forward to committee. It's been very helpful. Obviously this is a piece of legislation which we all agree needs to move forward in order to help northern municipalities meet their priorities in assessing and taxing local properties.

The purpose of the Bill, briefly, is to update the assessment and taxation provisions of the current northern municipalities Act or NMA as we're referring to it briefly. It completes the legislative groundwork for the introduction of a province-wide, market-value-based property assessment system just in time for 2000s re-evaluation of properties province-wide. *The Cities Act* and *The Municipalities Act*, by way of background, were amended in the spring of 2006 by the previous government. And this Bill really just rounds out . . . It's a three-legged stool if you will, and this is the third leg. And it's great to be moving forward and putting that into place.

It's been the result of very extensive public consultation, most recently including six northern workshops which were attended by a large number of northern municipal sector partners. We understand also that the member from Cumberland was able to

attend this last one this last weekend and was able to canvass a number of the participants — wondering of course if there had been sufficient consultation in their estimation, whether the issues had been properly addressed in their opinion, and whether they were comfortable in having this piece of legislation move forward into committee. My understanding is, is that the answer was yes; they were comfortable with what had been going on and would like to see this thing move forward. Today we're happy to see it done that way.

One other thing I'd like to mention is that we're also proposing a housekeeping amendment, a House amendment if you will, Mr. Chair. I believe that Mr. Chisholm will be moving that one on our behalf, and copies have been distributed to members on both sides of the House for their review.

It's a minimal change. In southern properties, agricultural buildings are exempted from property tax. We simply wanted to make sure that the same provisions were extended to northern municipal areas as well. Not that agriculture is a major part of property assessment up there — it's some point two per cent of all the assessed land in the northern region — but it's significant to folks that might own trappers' cabins, for example. And all of this actually arose out of a question from the member from The Battlefords, I believe, in an earlier debate in the House — part of the adjourned debate proceedings. So with that, Mr. Chair, I'll turn it back over to you.

The Chair: — Thank you, Mr. Minister. And I'd ask now, are there any questions? Mr. Doyle has the floor.

Mr. Vermette: — I guess just to follow up, I'd like to thank the minister for coming before the committee and also to your staff. Thank you for the information that you have shared with me already, and for the information you will share with us here today. So I don't forget, I would just want to thank you in advance of that, so I do not forget that.

Hon. Mr. Hutchinson: — Much appreciated.

Mr. Vermette: — I guess, we wanted to make sure, for myself and being a new member to this Legislative Assembly and representing the northern area that this Act would affect, and to get a little bit of background information on what we are amending here and having an understanding of it. I want it to be clear and I guess quite comfortable with supporting this.

And I did a little bit of, you know, background information as to the 2006, you know, some of the other areas were affected, and they went on and legislation was passed and amended to deal with that. The North wanted more consultation and felt like it had to have, and felt like they wanted to do . . . and I guess it's a review, and I think it was good. They wanted to make sure that there was partners at the table.

And from what I've seen and talked to individuals, as I was in La Ronge on Friday and met with the review committee, that process from what I've seen and what they shared with me — and I'm going to put this out to your staff, and I guess however one wants to answer, they can answer that at the time — but there was a question that I wanted to be very clear at the end of this, that I want to ensure that people in my area are feeling comfortable. So I will get to that.

But I think it was, from all indication I got and the information that they did provide me — and John, again thank you for that — there was a process, and they did go through a review process of the Act. And I think, from what I got from the people there, the time was put into it. They were asked to sit there from the municipalities that they represent. So I think there was good dialogue. And concerns and issues, I think were . . . And I don't know if we're finished there, it sounds like they still have to finish it, but at least for the parts to do the assessment and get moving on that, it was important to what I got.

And I'd have to say the feeling I got that they had felt at this point their views, they were being dealt with, and had an opportunity to express their concerns for the community they represent.

My question I want to put to the minister and his staff: in your opinion, do you feel that the stakeholders were involved?

[16:45]

Hon. Mr. Hutchinson: — Thank you, Mr. Chair, for that question. Absolutely. I'd like to take this opportunity to commend members of the staff from Municipal Affairs for their efforts — tremendous amount of travelling, a lot of hours, a lot of phone work and legwork, etc. — all put together to make this all happen.

I am satisfied that northern municipal sector partners have been thoroughly canvassed for their view. The fact that there were six regional workshops conducted so that we could minimize the travel inconvenience for members of the public that wanted to become involved and throw in their views on this very important issue, I am satisfied that, with respect to the assessment and tax issues, the northern opinions have been fully heard and met.

Mr. Vermette: — Okay. Just for clarification, the six dates in the meetings that went on, the committee was there, but it was also open to the public? I want to be clear on that one, that that's what I heard.

Hon. Mr. Hutchinson: — That's my understanding too but, Mr. Chair, perhaps we could ask Mr. Edwards for a further commentary.

Mr. Edwards: — The six regional workshops were originally intended for the municipal sector. But as discussion progressed with the review committee and New North who helped organize the workshops, it was concluded that we should not only include municipal sector participation but also extend the invitation to the public, to First Nations and Métis organizations, and potentially anyone else who wanted to attend. The participants were predominantly from the municipal sector, but we did have some others who were there.

The proposals that have been developed for this Bill and for looking at the rest of the northern legislation have very much been driven by the members of the review committee. We worked with the committee to look at the existing northern municipalities Act and compare with *The Municipalities Act*. They literally picked and chose from the provisions and decided which ones they felt would best meet northern needs.

We developed proposals that reflected the committee. After the consultations — which included the regional workshops and written consultations with various northern stakeholders, with other ministries, and formal letters under the duty to consult provisions — all of the results of the consultations were brought back to the review committee. And again they worked through them and decided which provisions they wanted to adjust in response to the consultations and which ones they felt they were on the right track with originally. So very much a process that has involved and provided the opportunity to the northern municipal representatives that New North chose for the review committee.

Mr. Vermette: — Okay. Thank you. I want to take this a little further then with the public, and then you mentioned First Nations and I believe you said the Métis then were invited to take part in some part of the process, or if they had. Did they have any areas of concern with the Act that you're bringing before us today for the amendment? Is there any parts of it that we're dealing with today, is there any concerns they raised?

Hon. Mr. Hutchinson: — Thank you for the question, Mr. Chair. My understanding is that any concerns that may have been put forward were certainly heard and properly addressed. Mr. Edwards, having been a little bit more intimately involved with the specifics of the consultation process, can provide some extra detail.

Mr. Edwards: — We received very limited input back from Métis organizations. There were a couple of requests for meetings which we pursued. They concluded afterwards that they didn't need to have separate meetings. One of the questions pertained, as it turned out, to *The Planning and Development Act*, so we put them in touch with community planning staff.

Another person who had attended one of the regional workshops, the one in La Loche, decided afterwards that he'd heard the explanation of the proposals and had had an opportunity to sit in.

Mr. Vermette: — Okay, so then to be . . . And that's all I want to do for the record, to make sure that it was clear that they were consulted, and they're okay with it. And, you know, I talked to the area director too in my area to make sure that if there were issues, to please let me know about them. At this time he did not indicate anything that he shared with me at this point. So I want to be, for the record, be clear on that.

I guess you're asking for a change to, amendment to amend the Act. Because, and I understand that with the farming — and which makes sense to do that at the same time — why was that something that, how did that get forgotten about?

Hon. Mr. Hutchinson: — That's a good question, Mr. Chair. Thank you so much. My understanding of it is that this wasn't considered as part of the original parameters and didn't actually come up in any of the previous discussions. It simply wasn't noticed. Mr. Edwards will be able to provide a more detailed answer than I can at this time, I'm sure. But my understanding is, is that it was just one of those little things that was overlooked. Fortunately it is a minor matter when you consider the value of the assessed properties. It's something like a million or a million two out of all of the hundreds and hundreds of millions of dollars worth of properties up there. And again it's about point two per cent of the land itself.

Nevertheless it's a very important consideration for the folks that own land which might be classified as agricultural, and that does in fact under the legislation include trappers' cabins.

I think what probably triggered this second review and caught this oversight was the member from The Battlefords' discussion about trappers' cabins the other day. When members of the Municipal Affairs staff, trying to review to find that, that kind of a thing is to be classified as agricultural. And I think that twigged in a memory of the fact that — you know what? — this was probably not adequately considered the first time through. So they wanted to take that opportunity to do it properly in this amendment today.

The Chair: — Mr. Edwards.

Mr. Edwards: — The assessment and taxation provisions that are proposed for *The Northern Municipalities Act* are largely modelled on *The Municipalities Act*. In that Act, the provisions relating to tax exemptions for agricultural properties are separated out into a section that pertains to RMs [rural municipality] because that's where the legislation originally came from. Unfortunately in the drafting process, that was overlooked. What we're doing here is basically restoring provisions that are in the actual existing northern municipalities Act. It's an oversight basically.

Mr. Vermette: — Okay, thank you. You know I sat here and, you know, you go through this. To be honest with you, with my experience I have . . . I'm fortunate that I had an opportunity to sit as an alderman for a while, so it gives me a little bit of an understanding of some of it. But I have to be honest. I was kind of chuckling and thinking, well man, we're going to be here forever because we're going to go through one by one and, you know, all the questions and stuff.

But I'm glad that, you know, the process come forward again. And just to relate to your staff and the committee, and that was where my concern would be lying, being that it is the constituency of the North that's being affected here, and the amendment we're trying to do with the assessment. And I call it a tool for them to use, and to be fair, bring them up to, I guess, the same tool as the rest of the province. So they'll be there. And I think this review committee's comfortable with that.

And that is what I found out from Friday's meeting and phone calls that I've made, checking with a few of the mayors that I talk to. The committee, the review committee, it's ongoing. It's not completed. But this section that we're looking at, I didn't see any concerns that was raised to me at that time, and that's why I wanted to begin — clear up for the record — to support this Act and the change, the amendment. I wanted to make very sure that it's not going to impact any community member as best we can. And again I'll go through that review process and the whole process with the municipal department, listening to the leadership back in the day when they brought this concern.

So again going down that road, this process was, I think, probably timely, but I think at the end of the day will pay off for

northern people and to make sure that the concerns of the stakeholders are being addressed. And I'm glad you guys cleared that, that you feel confident it has been.

I've tried to do a little bit of background information as the experience I have in it, but I wanted to make sure that people I represent feel confident that I'm doing my job I'm asked to do, just like you're asked to do your job. And, you know, it's not sometimes easy but we have to, at the end of the day, do what's best for the people that I guess we represent. So that's why, kind of why some of my questions are around making sure, you know, the stakeholders were consulted.

One more question I want to go to is, from the review or from anyone else, are there any other issues that have arose with the change that you're trying to bring forward today and the stuff we're discussing today? And I know there's other stuff you will be dealing with later on in the spring, and we can get there when we get there. I don't want to go on too long. Are there any areas that we did not address, or is there work we still have to do for the committee or anyone else that has brought to your guys' attention?

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. Well first of all if I might, with your permission, just to address the comments that the member from Cumberland made a moment ago, before his question. I agree wholeheartedly.

The essential issue here, as he has very capably captured, is the following. Southern municipalities — whether they're rural or urban, whether they're small or large communities — all have been provided by previous legislation with the modern tools, if we can put them in the member's parlance, to carry out a modern system of assessment and taxation. Really the essential essence of this particular Act is to update northern municipalities' relevant legislation, so they too have exactly the same tool kit, if we can put it in those words.

More specifically to his question, I'm not aware of any other issues left on the table around the assessment and taxation issue, but Mr. Edwards will have a more detail understanding than I.

Mr. Edwards: — I'm not aware of any other issues in regard to these.

Mr. Vermette: — Well that'll take me back to my final question because, to be honest with you, I think the process was a process that the review committee agreed to use, and I think it was a fair process for everyone. And if you're telling me that there are no issues left on the table at this point, I have no further questions.

The only thing, I'll make a last comment maybe. I said I didn't want to forget this, but I just want to again commend the staff and municipal ministry staff. You know, keep up the good work. Because I felt when I was there . . . for the short period, I was there. The exchange of information was going from the committee, so the commitment's there. And I just again thank you for your time and allowing that process to happen, so people feel like they're valued and heard, and I think sometimes that's important. That's how we move forward. So to all of you, thank you very much. I have no further questions.

The Chair: — Are there any other questions? If not, we'll go to Bill No. 64, *The Northern Municipalities Amendment Act*, short title. Is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

Clause 8

The Chair: — The Chair recognizes Mr. Chisholm.

Mr. Chisholm: — I'm pleased to propose the following amendment to clause 8, thank you. Clause 8 of the printed Bill to be amended as follows:

> Strike out clauses 259.2(1)(r) and (s) of *The Northern Municipalities Act* as being enacted by clause 8 of the printed Bill, and substitute the following; (r), the new (r) will be:
>
> . . . buildings situated on a parcel of land where the agricultural operation of the land and any other land used or occupied in connection with the building constitutes the occupant's chief source of income;
>
> "(s) buildings, other than a residence, used solely in connection with the agricultural operation of land;
>
> "(t) buildings used in connection with the agricultural operation of land that are not exempt pursuant to clause (r) or (s), but the exemption from taxation of those buildings is limited to the amount of the assessed value of the buildings that is equal to the assessed value of all the land owned by the occupant within the northern municipality and used by him or her for agricultural purposes;
>
> "(u) unoccupied farmstead buildings situated on land that is agricultural in use;
>
> "(v) property of a person, society or organization that is:
>
> (i) exempt from taxation pursuant to this or any other Act; and
>
> (ii) occupied by another person, society, or organization whose property is exempt from taxation pursuant to this or any other Act;
>
> "(w) property that:
>
> (i) is specially exempted by law from taxation while used by a person for the purposes specified in the Act that conferred the exemption;
>
> (ii) ceases to be used for those purposes by the person; and
>
> (iii) is leased and used, in whole or in part, by a person who would not be taxable with respect to the

property if he or she were the owner of the property".

[17:00]

The Chair: — Okay. Clause 8, does the committee accept that as read?

Some Hon. Members: — Agreed.

The Chair: — Carried. Any debate on this amendment? Will the committee adopt clause 8 as amended?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 8 as amended agreed to.]

[Clauses 9 to 12 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: the northern municipalities amendment Act, 2000 (No. 2). Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I'd like to thank the minister and his officials for their time here, and I'd ask somebody to move the Bill with amendment.

Mr. Brkich: — I will move this Bill with amendment.

The Chair: — Mr. Brkich. Mr. Vermette?

Mr. Vermette: — Okay, I guess just final comments again. Again thank you guys for the time, you know, and commitment to the whole process. And I think again on behalf of myself and the constituents I represent, the process has been fair. So your time, and I know you're busy, but thank you guys for your professionalism and your support that you gave to the review committee and continued efforts there. Anyway thank you, and also to the committee, Mr. Chair, thank you very much.

Hon. Mr. Hutchinson: — Mr. Chair, to you and to members of the committee, thank you so much for your time today. It was a pleasure working on this particular piece of legislation, and we look forward to partnering with everybody on the next bit as well.

The Chair: — Thank you one and all. I'd ask now for a motion of adjournment.

Mr. Chisholm: — I would be pleased to make that . . .

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Yes.

The Chair: — All agreed?

Some Hon. Members: — Yes.

The Chair: — Carried. Thank you one and all. This committee now stands adjourned.

[The committee adjourned at 17:03.]