



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 35 – November 17, 2015



Legislative Assembly of Saskatchewan

Twenty-Seventh Legislature

STANDING COMMITTEE ON THE ECONOMY

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Ms. Victoria Jurgens
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Mr. Delbert Kirsch
Batoche

Mr. Don Toth
Moosomin

[The committee met at 15:01.]

The Chair: — Good afternoon, everyone, and welcome to the Standing Committee on the Economy. A few housekeeping items: today we have substituting for Mr. Wotherspoon, Ms. Sproule; and for Mr. Toth, Mr. Bradshaw.

Since we last met, there's been three documents tabled. They are quite long in title, but they have to be read into the record, and I will do that now. From the Ministry of the Environment, ECO 21/27: responses to questions raised at the March 31st, 2015 meeting of the committee in regard to climate change, legal counsel outside the Ministry of Justice, purposes for which the ministry was given 3.342 million in federal transfers in 2013-14, representative areas network/biodiversity action plan targets, draft performance agreements, whether the data for the healthy river ecosystem assessment system was gone and a report was completed, 2007 campaign on public awareness for water and water loss control, dated May 12, 2015.

The next is ECO 22/27, Ministry of the Economy: responses to questions raised at the April 20th and 29th, 2015 meetings of the committee in regard to size of labour market development branch where a staff member was seconded to Executive Council, Shanghai-Beijing travel additional information, contractors additional information, travel constraint additional information, forestry map of how far north timber harvesting has taken place, venting and flaring additional information, SINP nominees, retention rates, comparison between fiscal years, breakdown of travel/mission expenses for immigration branch for last three years, ABE wait-lists by region and analysis on barriers, number with respect to job losses resulting from the oil price drop, dated May 14th, 2015.

And the third document to be tabled, ECO 23/27 from the Ministry of Agriculture in regard to responses to questions raised at the April 14th, 2015 meeting of the committee re: RFP for the replacement of the Crown land management system, changes in subvote (AG01), copy of the report commissioned by Innovation Saskatchewan and cost shared by the Ministry of Agriculture, Leveraging Saskatchewan's Core Strength in Agriculture, annual review report contemplated under the agreement between Livestock Services of Saskatchewan Corp. and the ministry, copy of updated brand inspection performance objectives and targets, LSS business plan, Memorandum of Association of Saskatchewan Livestock Inspection Organization, and *Canada Transportation Act* review submission, dated September 2nd, 2015.

We thank the ministries for preparing the information for those documents as was asked by the committee.

Bill No. 187 — *The Saskatchewan Farm Security Amendment Act, 2015*

The Chair: — Today we are considering Bill No. 187, *The Saskatchewan Farm Security Amendment Act, 2015*. We started promptly at 3 o'clock, and I want to mention that before I forget to do that. And we will ask the minister if he so chooses to have an opening statement, and he can do that now.

Hon. Mr. Stewart: — Thank you, Mr. Chair. Committee

members, Ms. Sproule, I'm pleased to be here today to discuss the amendments to *The Saskatchewan Farm Security Act*.

But before I get started, I would like to introduce the officials that are here with me today: Alanna Koch, deputy minister; behind me to my left, Karen Aulie, ADM [assistant deputy minister] of programs; to my left, Laurier Donais, former executive director of financial programs at the ministry and now ADM of corporate services and public safety at Government Relations; Mark Folk, general manager of the Farm Land Security Board, sitting right behind me I think; and Rob Pentland to his left, interim executive director of financial program branch; and Ashley Anderson, chief of staff.

This past spring our government set out to better understand the concerns that we had been hearing in regards to farm landownership in the province. We did this through extensive consultations with Saskatchewan residents.

Bill 187, amendments to *The Saskatchewan Farm Security Act*, is the result of those consultations. The legislation clarifies who can own farm land in Saskatchewan and will provide the Farm Land Security Board with the necessary authority to enforce the Act.

Our priority is to ensure the long-term success and sustainability of Saskatchewan's agriculture industry and economy. The changes will ensure that farm land in Saskatchewan remains accessible to our farmers and ranchers.

Rules around who can own Saskatchewan farm land have been in place for about 40 years, with the last significant change to the legislation occurring in 2002. Under the current rules, only Canadian residents and 100 per cent Canadian-owned entities could own more than 10 acres of farm land in Saskatchewan. However, we believe that the current rules surrounding farm landownership require updating and clarification.

Increasingly more and more people are viewing farm land as an attractive investment option. There is increased interest from Canadian pension plans and other investors in holding Saskatchewan farm land as an investment in their portfolio.

Concerns have been raised regarding Canadians owning farm land on behalf of non-Canadians through loans, mortgages, or other more complicated agreements. This increased interest from institutional, out-of-province, and out-of-country investors results in unease among the farming community.

During our consultation, we heard that it was becoming difficult for farmers and ranchers to compete with these investors and that large tracts of land were being bought by people who had no interest in farming themselves or being part of local communities. Increasingly the effectiveness of the Act and compliance with the Act were being called into question.

Farmers have been beginning to worry about the long-term success of their operations and their ability to expand and remain competitive. They express fear the young farmers and new entrants to the industry were losing the ability to own land and fully benefit from that ownership. There's also a concern that the Farm Land Security Board does not have the necessary

tools to monitor and enforce the rules. It was clear that something had to be done.

Bill 187 will keep our farm land in the hands of our farmers and ranchers while still allowing for continued economic growth. Exemptions will continue to be granted for economic development initiatives, and we will strive to ensure that we maintain a positive investment climate.

The changes being introduced are what the people of Saskatchewan want. Through a consultation process, we asked who should or should not be allowed to own farm land in the province. Over the summer of 2015, more than 3,200 people shared their views, and the results were clear. The vast majority of respondents do not support pension plans or foreign investors purchasing farm land in Saskatchewan. They do support our government in taking a stronger role in enforcing farm landownership rules. In fact 75 per cent of respondents oppose allowing investors such as Canadian pension funds to purchase farm land in Saskatchewan, 87 per cent of respondents do not support foreign ownership of farm land, and 69 per cent did not support foreign financing. Eighty-five per cent support giving the Farm Land Security Board a greater role in enforcing compliance of farm landownership rules.

The people of Saskatchewan told us what they thought regarding farm landownership, and we listened. And through Bill 187 we will keep farm land accessible to Saskatchewan's farmers and ranchers.

The legislation amendments to *The Saskatchewan Farm Security Act* will strengthen the regulations introduced in April as law. Specifically Bill 187 will "exclude land that is used primarily for sand and gravel extraction" from a definition of farm land. This would eliminate the need for the Farm Land Security Board to provide farm landownership exemptions for sand and gravel extraction. Specifically make pensions, administrators of pension assets, and large investment trusts ineligible to purchase farm land; provide regulation-making authorities as they pertain to farm ownership provisions, part VI specifically. These will be regulations to define mortgage or other types of agreements from other types of institutions other than a financial institution. Allow "additional corporations or entities to be defined as either Canadian-owned entities or non-Canadian-owned entities." Define any other body as an entity.

Specifically include the right to the capital appreciation of farm land and other rights or types of shares in a corporation as prescribed to be a land holding. Define any other debt or obligation on farm land held as security as being a land holding. Define resident person and define the terms and condition of a statutory declaration.

These regulation-making authorities will allow the government to more quickly respond to emerging situations such as new investment structures where further clarification may be required such as the ability to allow the Farm Land Security Board to direct any person acquiring or proposing to acquire a land holding to complete a statutory declaration, require that the person obtaining or proposing to obtain a land holding have the burden of proof to prove to the FLSB's [Farm Land Security Board] satisfaction that the legislation is being complied with.

Increased fine levels for some reoffences on individuals to \$50,000 — they're currently at 10,000 — and corporations to \$500,000, and they're currently at 100,000, that are found to be in contravention of the legislation. This increase will act as a strong deterrent to those potential purchasers that are not compliant but who see the reward of capital appreciation as very attractive.

We'll provide the FLSB with authority to impose administrative penalties to a maximum of \$10,000 per incident. These administrative penalties will put some urgency into the FLSB requests for information. When performing investigations, provide the FLSB with the authority to determine the appropriate times and places for those meetings to be held in Saskatchewan. And general updates of terms for gender-neutral language, and to accommodate references to federal legislation changes.

Our government understands that to many in the province, farm land is not just an asset. It's a connection to our history and who we are as a people. There is a connection between ownership and stewardship of the land, and I am pleased that our government is clarifying the rules around farm landownership in the province. Our government asked the people of Saskatchewan who should be able to own farm land in the province, and the response was clear. The legislation that is being introduced reflects what the people of Saskatchewan have asked for. The alternative of not making the changes increases the risk of farm land being removed from the hands of Saskatchewan's farmers and ranchers. Thank you.

The Chair: — Thank you very much for the information, Mr. Minister. As is normally the case in this committee, we'll hold a general debate on clause 1, short title, of Bill No. 187. Do any of the members present have questions for the witnesses? Ms. Sproule.

Clause 1

Ms. Sproule: — Thanks very much, Mr. Chair, and thank you, Mr. Minister, for those introductory comments. They're very helpful. I think I would like to start with a general set of questions on the bill itself and then move into some other questions that I have.

But right off the bat I just wanted to talk about the definition of farm land. You mentioned that in part VI it now includes an exemption for lands used primarily for sand and gravel extraction. My first question then is, is why is that definition not being extended to the definition of farm land in the first part of the Act in section 2?

[15:15]

Hon. Mr. Stewart: — I'll ask Mr. Donais to give you a more detailed explanation than I could give.

Mr. Donais: — Okay. Laurier Donais. So there's actually two, as you mentioned, there's two separate definitions of farm land. They're very similar, but they're not exactly the same. The one under part VI really talks about land that's used for farming or that is capable to be used for farming, and so it's specific to the part VI and the farm landownership provisions.

And so the reason that we made the change to that part was — the definition on part VI — was to allow, or I guess not require the Farm Land Security Board to have to put forward exemptions for applications for sand and gravel extraction. And so it's really more specific to just the part VI, farm landownership.

Ms. Sproule: — So in terms of the determination of whether or not land is being used primarily for sand and gravel extraction, is there a limit on acres there? Or if there was 640 acres that were being used for sand and gravel, would you look into that? Like normally those borrow pits are, you know, less than an acre or maybe five acres max.

Mr. Donais: — There's no set limit on the number of acres. I guess what would come into play there would be, you know, any land that would be outside of that gravel pit, if it is determined to be capable for farming, it wouldn't fall under that definition.

Ms. Sproule: — How would you know if someone sold land to a foreign entity for sand and gravel extraction and said it was 640 acres? Would you investigate to make sure that it was in fact 640 acres or the full extent of that area?

Mr. Donais: — Yes, absolutely. There would be an investigation, or I guess not necessarily an in-depth investigation, but there would be some request of information about, okay, how big does this gravel pit appear to be? Like what's the extent of the gravel? And then that would be considered not farm land under part VI.

Ms. Sproule: — And what would trigger your attention to that sale? How would you know that somebody had sold 640 acres for sand and gravel?

Hon. Mr. Stewart: — Typically before land is sold, when there's interest we let that be known to Highways and municipalities, and they have the ability to test that land and to see if there is sand and gravel interests that they want to preserve. And those are the parties that have dibs, if you like, on the sand and gravel.

Ms. Sproule: — So an individual, private individual can't sell sand and gravel to another private individual.

Hon. Mr. Stewart: — Oh, you're talking about private . . .

Ms. Sproule: — Yes.

Hon. Mr. Stewart: — I thought we were talking about Crown land here.

Ms. Sproule: — No.

Hon. Mr. Stewart: — No. Yes.

Ms. Sproule: — Like if Yancoal, for example Yancoal wanted some gravel pits for the development of their mine.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Outside of your exemption, of course.

Mr. Donais: — So if I can just add to that, your further question about how would we know if it was a foreign entity, the Farm Land Security Board regularly monitors farm land transactions. So they look into who is the actual owner of these corporations and so if it was determined that it was a foreign company then, you know, the Farm Land Security Board would look further into, you know, the purchase and that.

Ms. Sproule: — Does the Farm Land Security Board examine every transaction in farm land, every sale and title?

Mr. Donais: — Yes. There's different levels of review but yes, every transaction is reviewed.

Ms. Sproule: — Okay. Into the next part of the definitions then, I noticed that you're adding a . . . This is in the first part of the Act, section 2, the definition of mortgage. You are adding an additional subclause there that says, "any other mortgage or agreement that is prescribed in the regulations."

The definition that's there right now is fairly extensive, so can you explain to the committee why you needed to add that extra capacity to add definitions in the regulations, and what you think might actually be put in the regulations?

Hon. Mr. Stewart: — That allows us to limit financing options to Canadian financial institutions or Canadian individuals.

Ms. Sproule: — So why wouldn't you put that right in the Act? Why are you putting it in regulations?

Hon. Mr. Stewart: — That apparently is so in cases like lenders that are not registered financial, or registered banks or credit unions in this country who provide input capital and find it necessary to take an interest in the land, so that that can be accommodated in the future if the occasion arises.

Ms. Sproule: — Could you give the committee sort of a concrete example of how that could happen, because that sounds like a foreign investor could gain control of land in what you're describing. So I'm missing something.

Hon. Mr. Stewart: — The Farm Land Security Board would have access to any such transactions to ensure that that doesn't happen. But a provider of fertilizer and farm chemicals and so on may require security that in some cases may include land titles. So that's . . . They're generally Canadian institutions but not all. And so that would be reviewed by the Farm Land Security Board if it were to happen.

Ms. Sproule: — So I'm not sure I understand why that needs to be tucked away in the regulations and why that wouldn't be described clearly in the Act, who those people are.

Hon. Mr. Stewart: — So it can be altered rather more easily if the occasion does start to arise.

Ms. Sproule: — Would your concern be that the list would be very long if you put that in the Act?

Hon. Mr. Stewart: — I'm saying that it takes a certain amount of time, up to a year and a half, to change the Act. And regulations, if necessary, can be changed quickly.

Ms. Sproule: — I'm not quite there yet, so just hang on. I'm trying to figure this out.

So we have a definition of "mortgage," and right now it includes anything given to the Ag Credit Corp or Farm Credit Canada under the amendments. A mortgage could also mean an agreement for sale of land, and then thirdly, an agreement renewing or extending a mortgage or agreement for sale. It seems fairly comprehensive. But now you're adding a fourth section. This says, "any other mortgage or agreement that is prescribed in the regulations."

And if I understand correctly, you're saying that that would deal with lenders that are not registered, like input capital, like fertilizer companies, or people like that. And that for some reason I don't understand yet, you need to put them in the regulations rather than in the Act. So could you help me out here?

Hon. Mr. Stewart: — Just to allow some flexibility for unforeseen circumstances and, you know, corporations that may not even exist at this point in time but may in the future, that may fall into the suppliers category and may require an interest in land for security to shield against what's at this point still unforeseen but may occur in the future.

Ms. Sproule: — Again I just, you know, in order for us to scrutinize these changes it's really important to have an opportunity to see what they're going to be, and it's really difficult when we haven't seen them yet and we don't get to see them until they're in the regulations. And this is going to be a theme today because there's a number of situations and changes where all of the changes are happening at the regulatory level. And it's very concerning when we don't have the opportunity as a committee to take a close look at those. They just get passed by executive government.

So, you know, you're saying there could be circumstances where a supplier is new to the business and he needs a mortgage or some sort of security on farm land. But can't you describe that without naming that company? I think I'm going to let this go but I just, I have some trouble with sort of trying to imagine this unforeseen circumstance where you can't describe it in words right now in the legislation.

Hon. Mr. Stewart: — Well I can't describe it at all. I mean, we don't know what's unforeseen. That's . . .

Ms. Sproule: — A better question would be this, and maybe your officials would know: have there been circumstances in the last 20 years where this definition hasn't been sufficient because there were unforeseen circumstances? Maybe you could describe some of those, and that's why you need to change this.

Hon. Mr. Stewart: — I think I'll take a crack at this, Ms. Sproule. Previously there was no restriction on who could finance, and so it wasn't an issue. And you know, we just don't know what sorts of entities may want to get into the business of input financing in the future, and so it's put in regulations to allow flexibility so that we're not holding up deals between farmers and financiers for a prolonged period of time.

Ms. Sproule: — Thanks. I'm going to move now to part VI, the changes to part VI, in particular the section 76 which is rearranged quite significantly from the previous bill. I'm not sure the best way to do this because some of these are interconnected clauses. I don't know if you want me to list all the questions and answer it all at once, but maybe I'll try it one clause at a time and if it relates to another clause, we can deal with it at that time.

First of all, you have now removed the definition of agricultural corporation. Can you tell the committee why that decision was made?

Mr. Donais: — So the term agriculture corporation really isn't used by the Farm Land Security Board anymore. It refers to Saskatchewan residents. And back in 2002, when the amendments to the legislation were made, it opened it up to be Canadian residents could own Saskatchewan farm land, not just Saskatchewan residents. And so really this definition hasn't been utilized since 2002, and it probably should have been repealed at that time. So that's why it's being repealed.

[15:30]

Ms. Sproule: — Okay, thank you. Okay. I'm just trying to find my copy of the Act here. The next question I have then is Canadian-owned entity. You've removed the subclause "agricultural corporation." Now you've left "corporation." Was that the same reason that you felt it was redundant? Subsection 1.

Mr. Donais: — That's right. Yes.

Ms. Sproule: — Okay. Now again we have a reference here to a change where you're going to strike the last part of the clause (a.2) and just say "any person or class of persons prescribed in the regulations." And I see you're striking out "prescribed in the regulations" above. But can you sort of explain what you're trying to accomplish here with the changes to the definition of a Canadian-owned entity?

Mr. Donais: — So it's kind of as you mentioned earlier, it affects, I think, three different definitions here. There was Canadian-owned entity. We created the term entity and non-Canadian-owned entity. And so really what we tried to do was simplify by just defining what an entity is, and then we've used that definition to determine, you know, what's a Canadian-owned entity versus a non-Canadian-owned entity. So it really was for simplification, was just to create that term entity and list all of those things that would make up an entity which were there before under the definitions of Canadian-owned entity and non-Canadian-owned entity.

Ms. Sproule: — Okay. Thank you. That's what (c.1) then is trying to do, is that your new definition of the word entity. So there's seven, eight definitions of entity, as you say, many of which were included in those other Canadian-owned entity and non-Canadian-owned entity. You've also got that catch-all here, "any other body that is prescribed in the regulations." Again is that just to cover if there's a new sort of business that comes up that we don't know about?

Mr. Donais: — That's right. Yes.

Ms. Sproule: — All right. Okay. Thanks. Next big change, I guess, is to land holding, the definition of land holding. We've already spoken about the change to farm land, but land holding you've added a couple of interests, I guess, if you want to describe them that way, that will result in two new situations: one is to "confer the right of obtaining the right of capital appreciation in the farm land;" and the last one, now (E) would "confer any other right that is prescribed in the regulations." Again, I assume (E) is that catch-all that has proven to be quite popular here, but could you explain to the committee what the new clause (D) is attempting to do: "confer the right of obtaining the right of capital appreciation in the farm land"?

Mr. Donais: — So, clause (D) was placed in there, it actually existed in the April 2015 regulations. We put capital appreciation as a right. We kind of defined capital appreciation as a right, and so we're now just moving that definition into the legislation. And then, as you mentioned, clause (E) is there to in the future define any other rights that we haven't already been able to identify through regulation.

Ms. Sproule: — So can you explain . . . I have no idea how these deals work, but what would that look like if I had an interest in farm land under agreement that conferred the right of obtaining the right of capital appreciation in the farm land? Is there a name for that or is that something that's used frequently?

Hon. Mr. Stewart: — What we're looking for there is to prevent you from fronting for a foreign entity or someone ineligible to purchase. Your fronting is for, is to be in compliance with the Act, but the ineligible person that's actually funding the transaction would accrue the benefits of ownership. That's what that's aimed at, I believe.

Ms. Sproule: — But could that not happen with somebody from Saskatchewan as well fronting that money?

Hon. Mr. Stewart: — Absolutely.

Ms. Sproule: — A landholding would include that kind of arrangement and then it has to be a Canadian-owned entity that is getting the right of capital appreciation?

Hon. Mr. Stewart: — Right.

Ms. Sproule: — Okay. Are you aware of any situations where you've had to deny a sale because that was the vehicle that was being used?

Mr. Donais: — Yes. The board has had, reviewed a number of — well I shouldn't say a number — has reviewed some situations where, you know, they've looked at the actual agreements, and sometimes it gets fairly complicated. But that's really what the board's position has been, is if there is any transfer of capital appreciation from sort of the owner to whoever is financing, then that is considered to be a landholding. And so there have been some instances of that.

Ms. Sproule: — Just looking at the changes that you made in the regulations in April, and the wording is somewhat different than what this wording is because I don't see anything referring to capital appreciation. Can you explain why the wording is

different or am I missing that section somewhere? I guess it's section (d) . . . I'm sorry, 4(c) is where the regulatory . . . so that reads:

"any interest in farm land" includes any type of interest or agreement, direct or indirect, that confers any rights normally accruing to the owner of the farm land, including the right to obtain, directly or indirectly, the capital appreciation of the farm land.

I'm just reading this into the record because I know when I was doing research, I was looking at *Hansard* from years ago, so I think it's helpful for people 20 years from now to figure out what we were trying to do here.

So that, any interest in farm land, in the regulations is somewhat less detailed than the definition in the Act. I think my only concern here would be there may be some confusion. Are you intending to leave section 4 in the regulations as is? Oh sorry, section 4 of the regulation that changed part 6 of the Act.

Hon. Mr. Stewart: — The temporary regs that we introduced in the spring did deal with capital appreciation.

Ms. Sproule: — Yes. My only concern is the wording is somewhat different in the Act than it is in the regs. So just to avoid confusion, will you be making that more clear or is the regs going to stay as is for now?

Hon. Mr. Stewart: — The regs that we introduced in the spring will disappear with the introduction of this Act and the accompanying regs.

Ms. Sproule: — Okay. So there'll be another regulation that fixes . . .

Hon. Mr. Stewart: — Sorry, we didn't understand what you were getting at there.

Ms. Sproule: — Okay, thank you. Okay we'll move along then. I would like to now look at the definition of resident. There's many definitions of resident person and many types of regulation . . . or sorry, in Acts, within the Act itself. So again the concern is why would you take that definition away and put it into the regulations? That's the changes just to clause (j) of section 76.

Hon. Mr. Stewart: — Ms. Sproule, the intention there was to provide some flexibility because normally we use the definitions under the federal immigration Act to define those people who come to Canada. And so if those definitions change, we want to be able to easily change the regulations rather than having to go into the Act to do it.

Ms. Sproule: — Could you not just refer to the federal Act within the Act?

Hon. Mr. Stewart: — Evidently we could have.

Ms. Sproule: — I think you can see what I'm saying. I mean again for purchasers, people that want to know whether they are a resident person or not, they would go to the Act first and there's just confusion with regulations. They're difficult to find

sometimes, and so it could lead to unfortunate outcomes for individuals if they're . . . I mean I guess they're responsible, but it just makes it easier.

Hon. Mr. Stewart: — You are aware, Ms. Sproule, Justice drafts these Acts and regulations. Sometimes they have reasons for doing things that we don't necessarily understand, but we accept their protocols and their methods of operation without much question usually.

Ms. Sproule: — Okay, I appreciate that. And I guess my concern, as I've explained already, is tucking things away in regs can cause problems. So it's kind of a theme and it'll come up a couple more times here as we go through this.

Definitions again. Well I guess section 84 — now I have to find the right part here — 85 is now repealed. And I guess that's for exactly the discussions we've been having.

Section 86 is also repealed. Can you explain to the committee why that was no longer, why this clause it seems is no longer necessary? I guess the same for 87 — 86 and 87?

Hon. Mr. Stewart: — The explanation I have is that there's not a need to distinguish limited partnerships from partnerships. Partnerships are included in the new term "entity." In section 76, the board has applied the regular farm landownership provisions consistently with this section.

Ms. Sproule: — Thank you. Okay, moving on. Section 89, there's some changes there. We see the changes really in section, subsection (2) and (3). And can you explain to the committee, I think the big change is in subsection (2). Is this where you're removing the changes in the regulations from April into the Act in subsection (2)?

Hon. Mr. Stewart: — Yes, that's right.

Ms. Sproule: — Section 90 is also new in a way because, if I understand it correctly, prior, before this new section, you required individuals to, or the board had the ability to direct any person to give the board a disclosure statement in a form prescribed in the regulations. If I understand correctly, that's now being changed to a statutory declaration. Can you explain why that is seen to be a more compelling form of declaring holdings; like, the difference between a disclosure statement in the form that was provided or a statutory declaration?

Hon. Mr. Stewart: — It sort of formalizes what the declaration contains, which is a status of the individual or entity proposing to purchase land, but we can still expand upon that by asking for further disclosure.

[15:45]

Ms. Sproule: — I just wonder, in the event where someone is deliberately withholding information contrary to the law, I don't see that this disclosure change is going to compel them any further. So I'm just worried that it may not achieve what I think you stated in some of your opening comments, that these statutory declarations are going to somehow provide more information. So I don't have a whole lot of confidence in that but . . .

Hon. Mr. Stewart: — Well on their own, that would not be probably the answer. But combined with reversing the onus on the applicants to prove their eligibility under the Act, that's I think the important piece as far as the Farm Land Security Board will be concerned.

Ms. Sproule: — So I think there you're talking about the burden of proof in 92.1 that's being proposed.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — I just have a question on that. I was reading the judgment in the Skyline case that came out earlier this year. And I think that a lot of the discussion there that Skyline was trying to say was the burden of proof was a different level than what the Farm Land Security Board was arguing, of course. Is that one of the reasons why this clause has been chosen, is because of Skyline?

Hon. Mr. Stewart: — Well I can't say that specifically, but the main reason was that we've been chasing entities that we were informed were not eligible under the Act around the world, trying to find out where the money came from. And under the new Act, those applicants will have to prove to the satisfaction of the Farm Land Security Board right here in Saskatchewan that they are eligible, or else the deals won't be allowed to stand.

Ms. Sproule: — I think that's going to be appreciated, probably more than any other section of this, the new changes. So that's definitely a tool I'm sure the board will be able to make fine use of.

I'm just looking at next changes. I think section 93 has changed. Obviously the penalties have increased, as you indicated in your opening comments. I'm just trying to look at the changes to subsection (3). It looks like you've deleted it, the original one. And can you explain what the intent of the new subsection (3) in section 93 is meant to do.

Mr. Donais: — So really section 3 is to identify directors and officers of a corporation to be subject to the corporate penalties and not the individual penalty limits.

Ms. Sproule: — So every individual officer is subject to the penalty.

Mr. Donais: — Yes, but subject to the limits at the corporate level as opposed to individual levels.

Ms. Sproule: — So the 500,000.

Mr. Donais: — Right.

Ms. Sproule: — Okay. Good. That is another tool I'm sure that will come in handy. Now those penalties, will they go straight to the board, or do they get filed with the General Revenue Fund?

Mr. Donais: — The General Revenue Fund.

Ms. Sproule: — All right. So let's move into then the new section 93.1, administrative penalties. Again I think this will

facilitate the work of the board greatly. Will you be able to keep those penalties as a board?

Mr. Donais: — No, those ones won't.

Ms. Sproule: — They all get turned over. So you have to go to the minister and say, look, we just pulled in 100,000 in penalties. So he should find a way to convince the Minister of Finance to give you more resources.

Hon. Mr. Stewart: — There would be nothing difficult about that.

Ms. Sproule: — Nothing at all. We know how easy the Minister of Finance is to get along with. Okay, that's good. I think this administrative penalties, maybe just for the record if you could describe sort of how this is providing an additional tool to the board to deal with some of the issues you face.

Mr. Donais: — So I think this section, and it's pretty standard, as I understand from Justice, for administrative penalties for boards to levy. And it really is for examples like where the board might request a statutory declaration and some additional information. So maybe like confirmation of permanent residency or citizenship or, you know, where the funding came from to purchase that. And so this provides the authority for the board to, if they don't receive that documentation, to issue penalties.

Ms. Sproule: — Is there an opportunity for an appeal in this section?

Hon. Mr. Stewart: — There doesn't appear to be. I think they're either in compliance or they're not.

Ms. Sproule: — I see only in subsection (6) where, after considering any representations, the board may assess a penalty or determine that no penalty should be assessed. So I'm assuming the individual could make a representation which might change the board's mind.

All right, section 100 I believe, is the . . . Oh no. Sorry, I'm going too fast. Section 95 of the existing Act, I guess there's a new section being added there. Can you explain to the committee the intent of the new clause, (2.1)?

Hon. Mr. Stewart: — Section 95 is about allowing the board to call hearings within the province of Saskatchewan, again so they don't have to chase around the world after potential violators.

Ms. Sproule: — So the individual would need to present themselves here rather than have the board chase them around.

Now I think we can go to . . . Yes, there's some minor changes to 97. Section 100 is the regulatory section and I believe there are a number of new clauses being added there. I don't really have any particular comment on them other than my usual rant about putting things in regulations and we don't get a chance to review them until after they're done.

Some changes in clause 103 in terms of service which I think are housekeeping. So I think as far as the actual substantive

changes to the Act, I'm going to leave that for the moment. I do have some other questions for the minister. I'll just move these out of the way.

Okay, I'd just like to talk a little bit about the Skyline Agriculture Financial Corp. case. I know that the Court of Queen's Bench agreed with the board — in April was it, of this year? — earlier this year. Has the appeal been heard yet on that case?

Hon. Mr. Stewart: — It's scheduled for December 15th, I'm informed.

Ms. Sproule: — And I don't know if you can answer this but do you think the changes that are being made to the Act will cause this appeal to fall away, like they won't have a case?

Hon. Mr. Stewart: — Well, you know, I think we were pretty confident that they didn't have a case even under the old Act, but I think there are provisions that will make it more difficult for them, including the one that defines the actual owner as a person who accrues benefits such as capital appreciation.

Ms. Sproule: — That's really the key. My question is, we know in Skyline's situation they sort of set up a test case and put it to the board and to the courts to get a determination in law. But if . . . I think the actual purchasing or the front for this scheme, or whatever you want to call it, was called OpCo. OpCo I think was the name of the company that actually purchased the land.

If Skyline had not come to you and said, this is what we're doing, how would this have come to the attention of the Farm Land Security Board?

Hon. Mr. Stewart: — I'm informed this would've likely been uncovered during the normal review process that Farm Land Security Board carries out, including or reviewing who the shareholders are and where they're from and so on.

Ms. Sproule: — All right. I know that a lot of people are concerned about these types of arrangements. They're very complex financial arrangements. I got lost looking at the charts. I mean it's incredibly complex, and the number of companies alone that are involved, I think there was six or nine or something like that — all to do one deal.

One of the people I've been talking with is an agricultural investor and a local farmer. And they're hearing about these types of arrangements, and I'm sure you're hearing about it and coffee row is hearing about it. And the three situations I want to raise with you and get your opinion on these.

First, the first method that he's hearing of, sort of these de facto owners but the real ownership resides elsewhere, is of course there's a loan agreement where the front person borrows the money from the real investor, buys the land, and makes payments to the real investor that replicate income flows from lease income.

So the agreement in place would ultimately pass on proceeds from the land sale. So if the guy with his name on the title sells it, the profit goes to the other fellow. Is that something that this

kind of arrangement, would these new changes catch that?

Hon. Mr. Stewart: — I think that that would be caught under the provision that requires Canadian financing.

Ms. Sproule: — Okay.

Hon. Mr. Stewart: — That, as well as a statutory declaration, and easier to pick out because of the change in the onus of proof.

Ms. Sproule: — The second one he's talking about here is an option agreement. So similar to the first one where the front person, you know, gets the land in their name, but the investor in this case would have a call option, which if exercised results in the shares of the company moving to the investor.

So the call option is on shares that the company owned by the front person, with the call option exercisable upon the occurrence of one of two events: the company no longer owns the prohibited asset, or the rules change whereby a previously ineligible investor is no longer ineligible.

And I don't think it's fair for me to ask you to answer that right away, because that's incredibly complicated. But if I could ask you maybe . . . I mean, you may have a response right now, but if this is too complicated I could certainly table this with the committee and get your response to that.

Hon. Mr. Stewart: — Never cease to be amazed by the work of Farm Land Security Board. They routinely now check after deals have been completed to see that the shareholders are still, remain Canadian. And if, in a case like this where there would become, some of the shareholders would not be Canadian down the road, the deal would have to be reversed.

Ms. Sproule: — Have you ever reversed one of those deals?

Hon. Mr. Stewart: — Not as yet.

Ms. Sproule: — The third is a swap. And I do not profess to understand this, but a swap structure where the investor and the front person enter an agreement much like the first one, but the swap takes the place of a loan agreement. I think that's the Skyline situation, if I understand correctly. And I imagine there's all sorts of creative ways to do these. So are you confident that the changes will help you enforce those types of arrangements as well?

[16:00]

Hon. Mr. Stewart: — I'm informed by the experts that the capital appreciation piece would catch that.

Ms. Sproule: — All right. Thank you very much. Yes, I've got a number of quotes where people are concerned about those types of arrangements. I have no doubt that you are much more familiar with these complaints and have dealt with them. But I'll move on from that topic for now.

I know that the chief executive officer of the chamber of commerce has written to you with some concerns as well about the farm security Act, and probably these concerns aren't what

was in the results of the review. This is a different point of view. Have you replied to the chamber of commerce, and is that a letter . . . your reply, is that something you could share with the committee?

Hon. Mr. Stewart: — I'm not sure that I had wrote a letter, but we did face-to-face consultations with the chamber twice during this process, and we're aware of each other's positions. You know, I don't believe that they're right when they say that this will be a detriment to investment in the province. Before the fall of 2013, the existing Act was assumed to prohibit institutional investors, and the economy was lumping along pretty well then. We just go back to those days, I think. And we still allow exemptions for, you know, things like industrial activity and that sort of thing. So you know, we just agree to disagree with the chamber on this one.

Ms. Sproule: — Okay. Thank you. I know we've discussed this in the past about the investigation and the special investigator, and I'm just wondering if you could provide the committee with more information about the special investigator. I think it was before April of last year, 2014 anyways. So at that time you hadn't received the report when I spoke to you in committee then, and I'm just wondering, did this . . . And I think we've talked about it since. But could you update the committee with who the investigator was, and whether that report was tabled with yourself?

Hon. Mr. Stewart: — The investigator was contracted to do a more in-depth review of two transactions, and after a lengthy review it was found that it could not be proved by the investigator that both transactions did not comply with the Act as it existed. And so no action was taken. We hope the new Act and regulations will, you know, remove the need for using the investigator again, but we'd rather not disclose the identity of the investigator in case we do need that individual again.

Ms. Sproule: — I appreciate that. And when you say it could not be proved, was that because there was no way to get at the information?

Hon. Mr. Stewart: — Well that may be the case. Certainly there is an issue uncovering financial information in foreign countries.

Ms. Sproule: — All right. One of the arguments that Skyline is making is that they actually provide farmers with flexible financing solutions. They talk about hedging, land value hedge contract. Is this something that is now completely ruled out by the changes, or is that something that you would be looking at?

Hon. Mr. Stewart: — Yes, I would say it's ruled out completely, as it was in the previous Act. They freely admit that they used foreign capital to invest in Saskatchewan farm land, and that is not going to be compliant now as it is not compliant under the existing Act either. So I don't think anything changes in that regard, but they certainly would not be compliant.

Ms. Sproule: — So conversely, if Skyline happened to be an entirely Canadian-owned company, those kinds of land value hedge contracts are entirely legal, right?

Hon. Mr. Stewart: — I think so. That's right. Yes.

Ms. Sproule: — Okay. So it's just the fact that they, Skyline, used foreign capital to create their arrangements. Okay, thank you.

Hon. Mr. Stewart: — Publicly traded companies as well are not compliant.

Ms. Sproule: — I'm looking at an article here from BNN [Business News Network]. I have no idea . . . January 2015. And this was when we started hearing indications from your government that you were looking at changing the rules. And I think what the quote that you said is, "Farmers 'are not high on the idea of institutional investors competing with them for the purchase of farmland.'"

The only institutional investor, to my knowledge, that has acquired farm land in Saskatchewan would be the investment board for Canada Pension Plan. Are you aware of any other institutional investors that have purchased farm land? They're not allowed, are they?

Hon. Mr. Stewart: — CPPIB [Canada Pension Plan Investment Board] would be the only one that we're aware of.

Ms. Sproule: — There's nothing in the Act that says institutional investors cannot buy farm land, so how do I know that they're not purchasing farm land right now? And I'm thinking, are there any Canadian sovereign wealth funds? Would they be allowed? They're not specifically excluded, so how would they be excluded?

Hon. Mr. Stewart: — I think the Act names pension funds, administrators of pension funds, investment trusts. I'm hopeful that would catch those, yes.

Ms. Sproule: — You think that's an exhaustive list?

Hon. Mr. Stewart: — I think that would catch the situation you're talking about.

Ms. Sproule: — I'm trying to find that clause here. Just hang on one second. Seventy-six. That was in the regs, and it's now being moved over to the Act, right?

Hon. Mr. Stewart: — Yes, that's right.

Ms. Sproule: — That's clause 90. Oh here it is, 89. So you're saying: a pension plan; the administrator of a pension plan; a trust other than a trust that, in the trust instrument creating the trust, lists 10 or fewer individuals and then, as beneficiaries; a person or class of persons prescribed in the regs.

So in your view that would capture every institutional investor, or is that comprehensive? I don't know.

Hon. Mr. Stewart: — Well I hope so. That was certainly the intent and 89(2)(d) also includes "a person or class of persons prescribed in the regulations." So I know you're not high on regulations, but it gives us the opportunity, if something does come up that's unforeseen, to fix it.

Ms. Sproule: — Okay. And I certainly understand that. All right. One of the concerns I'm hearing when we're talking

about Canadian investors but not Saskatchewan investors is that folks who, farmers or agricultural corporations that meet the definitions, are purchasing land. The benefits of being a landowner in Saskatchewan — for example, we know the ag property tax has been reduced for farm landowners — that benefit accrues to people who are no longer from or not from Saskatchewan. Are there any discussions or ways to sort of stop the flow of money outside the province for those kinds of tax benefits? Or is that something you're looking at?

Hon. Mr. Stewart: — No, not at this point, we're not.

Ms. Sproule: — Do you have any sense, does your ministry have any sense of what kind of tax losses we have with the benefits that these non-Saskatchewan landowners are taking out of the province? Do you know how much?

Hon. Mr. Stewart: — Well they're still paying our taxes. And you know, if in the cases of exemptions where industrial entities are built on former farm land, potash mines and so on, there are other ways that we tax very substantially those entities. So no, we're not contemplating any changes.

Ms. Sproule: — Certainly their access to capital is greater than an individual farmer. And I know you've heard that many times as well. So you know, to regulate the playing field or make it more level, are there any procedures or rules or programs that could be afforded to local investors to level that field then?

Hon. Mr. Stewart: — You know, I think the field is getting pretty level. Lots of times investment companies purchase farm, put together blocks of farm land, you know, legitimate Canadian investment companies, and down the road look to sell that to institutions. So there may not be quite the eagerness on behalf of Canadian-owned investment companies from outside of the province to play in this market now that that option is closed.

Ms. Sproule: — Going back to institutional investors, would you consider, I think it's Bonnefield or Agcapita, as an institutional investor?

Hon. Mr. Stewart: — Agcapita is eligible under the rules. But there are three Bonnefield entities. Two of them are eligible, and one uses pension fund money so it's not.

Ms. Sproule: — Okay. I understand that they are considered to be institutional investors by securities regulators. So why would you treat them . . .

Hon. Mr. Stewart: — Bonnefield III would be.

Ms. Sproule: — Bonnefield III.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. But the other two would not be considered institutional.

Hon. Mr. Stewart: — We don't certainly consider them, and I doubt that Securities would either.

Ms. Sproule: — Okay. We may have covered this one already,

but I'm looking at . . . I know a while back you sent a letter to lawyers and legal advisers saying, please be sure that when you're advising people, you understand the rules. And MLT, MacPherson Leslie & Tyerman, put out an article called *Foreign Ownership of Saskatchewan Farmland*, and I just wonder if you feel that the changes address this quote. And I'll quote this:

Any application to the Board must be prepared with great care to ensure it presents a compelling case for the exemption. In giving consent, the Board has broad discretion to impose any terms and conditions it considers appropriate. In addition, the definition of "land holdings" in the Act specifically excludes any interest in farm land held by way of security for a debt or other obligation. This small exclusion has led to some sophisticated and innovative debt structuring transactions to allow foreign investors to participate in the Saskatchewan agricultural market in ways that would otherwise be precluded by the land holding restrictions.

Do you feel that the changes address that now, that that would no longer be available?

[16:15]

Hon. Mr. Stewart: — Yes, the Farm Land Security Board had the capacity, or has the capacity even under the current Act, to stop that. The thing that will help dramatically is the reversed onus of proof. But also, I know you're going to like this, we have a regulatory option on that one as well in the regs.

Ms. Sproule: — Is that in the existing regs or one of the changes you're talking about?

Mr. Donais: — Yes, that'll be new. That's under the definition of landholding. So we actually allowed for regulations to sort of kick back any debt or security that was excluded if need be.

Ms. Sproule: — Okay, which is a good thing. Thank you.

There's been some research done recently, I think Annette Desmarais and a group, I forget, oh, André Magnan from the University of Regina. There's been a study done about the changes in landownership in Saskatchewan. They indicate that, based on the research they've done, about 800,000 acres are currently owned by out-of-province investors, and folks like Robert Andjelic has a portfolio of probably 180,000 of those acres. Other large portfolios would be, other than the pension plan of course, the Nilsson Bros. and Brett Wilson's Prairie Merchant Corp., Broadacre Agriculture and One Earth Farms.

And just the point here is that even for three rural municipalities — Excel, Lajord, and Harris— 20 years ago there was less than 3,200 acres in out-of-province investors. And then when the law changed there is now 60,000 acres of land that is investor owned.

Based on what you heard in the survey and these kinds of studies, are you concerned at all about upper limits? Are you looking at upper limits on out-of-province ownership?

Hon. Mr. Stewart: — Since the Act was changed in 2002 this

has been legal. And I think we're in the right place. If we were to clamp down dramatically on out-of-province Canadians owning Saskatchewan farm land, I think that the chamber of commerce prediction of being a wet blanket on the economy might come true. I think we're in the right space where we are.

And absolutely it's been a great time recently to own farm land with, first of all, low interest rates, pretty good returns in agricultural operations, good commodity prices. You identified lower taxes in Saskatchewan. So yes the acres have gone up, but I still believe we're in the right place with that allowing Canadians from outside the province to purchase.

Ms. Sproule: — Some of the themes that came out of your consultation on page — I don't know if there's a page number here — of the summary results from the public consultations dated October 7th, 2015, I think it's the second page, you talk about the key themes that emerged from the consultations. And some of them are intrinsic; they're not really based on land values.

But the ones that are identified right there is the strong connection between history and identity, connection between ownership and stewardship of the land, the importance of personal relationships and community. Those three alone I think raise flags when you see that kind of, you know, the 60,000 acres in three RMs [rural municipality] that are now owned by people who don't live in the province.

So how do you sort of balance that? I mean without any sort of caps — and I'm not suggesting there be caps — but I just want to understand that there's competing interests here obviously. And so when you see the key themes that you've identified in your survey, you know, in particular I think the third one is the one that keeps coming up — the importance of personal relationships and community. I know I've heard that a lot; I suspect you've heard that a lot. Investors are not seen to hold the same cultural values in relationships as farmers. And the quote there from one of the participants says:

I don't want to be sending land rental cheques to someone who doesn't know our area. I want them to be spending money in our community and having kids and grandkids that help our community thrive, not disappear.

And I think that sort of ties back to the comment I made earlier about out-of-province investors taking the profit out of province as well. So are you looking at any way to maybe balance that out, other than limiting the number of acres that can be purchased?

Hon. Mr. Stewart: — No, I really think that with the institutional investors out of the picture and large pools of foreign capital, I think that, you know, these Canadian investors really have to play in the same kind of marketplace as farmers do. So I don't see them driving up the price of farm land the way farmers feared that institutions and foreigners would do. They are subject to the same economic forces that farmers are in a much more real way than a pension fund or a foreign corporation.

Ms. Sproule: — I definitely see that, but what I'm saying here is about the local community and local businesses, and that

reverberates throughout, I think, all the comments that I've heard. And you know, I think one farmer phoned and said, why didn't you ask in the survey about restricting it to Saskatchewan owners? Like, you didn't go that far. Is there a reason why you didn't ask that question? I know you're probably not prepared to go back there, but would you not want to know what people think?

Hon. Mr. Stewart: — Well we could have asked, I guess, but I was not prepared to go back there and so opted not to ask and raise expectations that we might go back there. True enough.

I mean as far as local communities are concerned, it's probably best that locals own all of the farm land and operate it. That's ideal. But like I say, Canadian entities sort of compete on the same playing field as farmers when it comes to the profitability and therefore appreciation of farm land. So we're talking about much more limited potential acres that will be owned by Canadian investors than we would be if we were including institutions and foreign corporations. So I believe that this is something that we can live with and still, you know, be able to sell Saskatchewan as a good place to do business.

Ms. Sproule: — Another concern that was raised, this is an article — honestly I don't know; I just printed it off the Internet — but it's Ken Rosaasen. And I think you would have heard of him. He's an agricultural economist.

He's raised concerns about these larger operations owned by some investors that aren't able to balance a downturn in commodity prices or production with off-farm income like many of our local farmers are able to do.

He says, you know . . . Well, this isn't a quote from him, but the article says, this is a hot button topic because we have One Earth Farms, we have Broadacre who is entering creditor protection, overexpanding. I don't know what happened to One Earth Farms.

But, you know, again it seems to suggest that Saskatchewan farmers know best. They certainly know the business best and to be locally connected is an important factor in success. So do you have concerns about what's happened with groups like Broadacre Agriculture and One Earth Farms, or do you think the market is simply going to deal with that?

Hon. Mr. Stewart: — Well no, I'm a little reluctant to go into what I think the issues were with those specific entities, but they certainly had issues.

And when, you know, in the old days when I was a kid and farms were much smaller — and that is getting to be in the old days, and you can all just wipe those grins off your faces — but just the same, in those days, if things got tough on the farm, one or two, the dad usually and sometimes even the mom would get a job, and that'd be enough to make the difference

So I get what Ken Rosaasen is saying, but these days with larger farms, that's really probably not going to do it in most cases. So it's much more important that the farm business is looked after very carefully, and certainly farmers for the most part have the capacity to do that thing these days whereas, you know, my grandparents might not have.

But when a large farm like the two you've mentioned stub their toe, it's really serious, and there's usually a bankruptcy. There are good things associated with large farms, and that's one of the ones that's not maybe quite so good.

Ms. Sproule: — I noticed in the regulations that there are maximum holdings for other entities though. For example, the Saskatchewan Wildlife Federation can only have 104,000 acres, other conservation groups are held to a maximum of 100,000 acres. So why would those entities have a cap then and not other investors?

Hon. Mr. Stewart: — Well those regulations came from, you know, way before my time. I assume the thinking was that they raise money from places where . . . we can't even really identify where all the money comes from, but they do good work so they're allowed to purchase land. But they put caps on them for that reason, so that they didn't get to be, you know, an entity the size of what, let's say, CPPIB was looking at.

Ms. Sproule: — I think Ducks Unlimited takes over the world. But the other, I guess, cap that's in there is that none of these groups can, in accumulative landholdings, hold more than 3 per cent of total land area in a rural municipality. Now that would go beyond, I think, sort of the source of the funds. Would there be other reasons for that percentage other than they may be getting money from foreign entities?

Hon. Mr. Stewart: — Even with my last answer I was just guessing what might have been the thinking when those rules were made. So you know, I can't say what really, with any precision what the thought is behind that.

Ms. Sproule: — Would any of your officials have any background on that, do you think?

Hon. Mr. Stewart: — Yes, apparently these regulations come from back in 2006. But it's believed by the officials that it was because these organizations do great work, as I suggested, but they raise money from outside of the province and outside of Canada. And so they were welcome in the province, but limits put on their ownership so that they wouldn't be coming to Farm Land Security Board for exemptions every time they wanted to buy a quarter section. And the limits within RMs, I think, the officials believe were just so they didn't impact locals and ratepayers too much.

[16:30]

Ms. Sproule: — Do you know whether the Saskatchewan Wildlife Federation has maxed out on its holdings of 104,000 acres?

Hon. Mr. Stewart: — They're not very close to the max, I don't think.

Ms. Sproule: — I just want to go back to the first annual report of the Saskatchewan Farm Ownership Board, province of Saskatchewan, for the period ending March 31st, 1975. I love our library; they do great research.

There's a quote in there, and it was the objective of the Act originally. And I know much has changed since, but I just want

to read this and get your take on whether you think this still is the goal:

The Act was passed by the Government of Saskatchewan to stabilize the economic and social life of the rural community. It contributes to this objective by placing ownership and control of agricultural assets in the hands of people who will spend a major part of their time in the area where agricultural production takes place and who will be spending a major portion of their agricultural income in this province.

That's the first goal. The second one is:

Protecting farmers and other residents of the province from competition, from capital resources accumulated in other industries and in other countries.

And thirdly:

Increasing the control and security of the people who are involved in the day-to-day agricultural production, with a resulting increase in the freedom of choice in production and diversification without inhibiting the effect of rental conditions.

And I know that much has changed since 1975, and certainly the Act itself has changed significantly. But I just wonder, in terms of people spending a major part of their time in the area, spending a major portion of their agricultural income, are there any other tools that you're looking at to ensure that, as the values that are obviously very important to people through the survey, that those kinds of values are protected and put forward?

Hon. Mr. Stewart: — No, not as far as land ownership goes. I think we were very attentive to the results of the survey, and we've tried to incorporate what we heard from the survey into this Act and the accompanying regulations. So I think that's, at least as far as this piece goes, that's what we intend to do for now.

Ms. Sproule: — Okay. A few more points. Recently, November 4th I guess, there was an announcement about a quarter of a million hectares of Crown-owned farm land that you want to sell. One of the things you noted in the media coverage is that people recently told the government they did not like institutions owning farm land. He said that should include the government. Can you explain to the committee how you've made that connection between institutions and the Crown?

Hon. Mr. Stewart: — Well I think, to my way of thinking and, I'd say, in the minds of most farmers, we are an institution. Now we're an institution that is funded by the taxpayers, true enough. But you know, it's not that much different from what CPP [Canada Pension Plan] would say. And so in any event, farmers — 84 per cent of them if I remember the number — said that they'd prefer to own rather than rent land if possible. And so, you know, that's just one of the many reasons that we've created another program to try and sell some of this land. And this is land that's not native prairie or anything of that nature. It's farmed or previously farmed, previously broken

land.

Ms. Sproule: — I've actually, I think I'd beg to differ on that one because I think most people in Saskatchewan would see a big difference between Crown land and institutional land. You know, like that's to me a pretty big stretch, to go from saying that people are opposed to institutional ownership when we know we're talking about an investment board for a pension plan, as opposed to the Crown of Saskatchewan which owns our minerals, which owns our northern lands, and which owns a significant amount of agricultural land as well.

And so I think to be fair, you know, the survey never mentioned Crown land once. I don't think that was in the discussion at all. And so that it seems a bit of a stretch to extrapolate from the results to assume that people intended Crown land to be included in that definition.

Would you consider perhaps going back with a new survey to sort of clarify whether or not that is the intention because what I'm hearing is a disagreement with the position that you've stated.

Hon. Mr. Stewart: — Well no, we won't be doing that. I know that Trevor Herriot disagrees with my position. But I would say that most farmers don't make much of a distinction between us and an institution. And you know, we've stated our intentions all along. We talked about it before we were government, when we were in opposition. We've talked about it in election campaigns. We've had a previous program to sell this land that started in 2008, this time of the year, and continued through till the end of 2014, an incentive program.

And so our intentions have been clear all along, I would say, that this land is for sale. And so we took a few months after the end of the last incentive program to evaluate what we might do differently, or maybe better, to get the last, sort of, half of it sold. And we came up with this program that we initiated recently.

Ms. Sproule: — And if I understand correctly, I think is it around 400,000 of these acres are former land bank lands? Is that correct?

Hon. Mr. Stewart: — I think that would be close — 350,000.

Ms. Sproule: — And those have basically been for sale since the leases were made available 40 years ago, is that correct? So this isn't a new concept. I mean those lands have always been for sale to certain individuals, the people holding the leases. So that's not a new plan. I guess what's changed is the incentives, if you want to call them that, that you've chosen to encourage purchasing.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — I guess, you know, you're saying selling off Crown-owned farm land is your government's intention. Is it also your government's intention to sell off northern land or minerals? Because there's lots of our minerals that are leased, so what's the distinction between farm land or minerals and northern wetlands?

Hon. Mr. Stewart: — Well, this is land that . . . On this farm land or previously broke land — some has been seeded back to forages — there's no identifiable benefit for the government to be the owner. It would be a greater benefit in the hands of the producers that actually manage it and maintain it and farm it than it is for government to own it.

There's no ecological, driving ecological reasons for government to own this class of farm land. There's no oil and gas or sand and gravel deposits that are identifiable on these lands. There's no heritage reasons for government to be the owner. These are lands that are basically farm land, and it would be better for the economy of the province and certainly for our producers if they were the owners.

Ms. Sproule: — You said you believe it's a greater benefit for the producer. But if that's true, they would have bought it a long time ago, would they not? Like they've had 40 years to purchase it.

Hon. Mr. Stewart: — They've had, you know, a pretty good deal on this land for a very long time. And it's comfortable: they're either able to get along without owning it, without taking the plunge and going into debt and buying it, which is an effort, or they've, in a number of cases, many cases, they've purchased other land and hung on to the leased land as a base. And so we're telling them in as clear terms as we can that this will be the last incentive program on this land, but we expect to sell it.

Ms. Sproule: — In the event that okay, they choose not to purchase it the first year, I believe their rent goes up 15 per cent. And then the second year, it goes up 30 per cent. That's not 45 per cent in total is it?

Hon. Mr. Stewart: — No.

Ms. Sproule: — It's 30 per cent.

Hon. Mr. Stewart: — It's 30 in total. It's 15 in the coming production year and an additional 15 in the next, in the 2017 production year.

Ms. Sproule: — And then you would continue to rent it after 2017 at a 30-per-cent-plus-market-rate kind of rental fee. If they choose to walk away from the lease, would you then open it up for sale to the general public if they choose to not repurchase or continue leasing?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — And would that be for fair market value at that point, the sale of the land?

Hon. Mr. Stewart: — Yes. The discount only is a benefit to the lessees.

Ms. Sproule: — Do you have any figures — and I did ask this in written questions today through the Legislative Assembly — but sort of numbers in terms of how much money you take in every year on those rentals?

Hon. Mr. Stewart: — Yes, you know, we don't have the

answer to that question. But this committee is really supposed to be about the farm land security Act, and I'd ask you to ask questions around that.

Ms. Sproule: — Fair enough. Some concerns were raised when you announced the online survey. And particular that . . . I'm just looking at something you said in the House on April 14th that you would, over the . . . This a quote, page 6913 of the *Hansard*, and it said:

I have recently announced, as recently as yesterday, that there will be a conversation with the people of Saskatchewan over the course of this summer about farm land ownership in the province, including mainly the two main issues of foreign ownership and as well institutional owners, ownership by institutional investors.

And you basically said you were going to be having conversations now. I know further to that, you chose to use the online survey method, and you did state publicly that you didn't like public meetings. And I'm just wondering, I mean this is Saskatchewan; it's what we do is public meetings. So why did you choose . . . I know you had a number of consultations with various groups, and I'll have a question about that in a minute, but why is it that you are turning down the good old public meeting?

Hon. Mr. Stewart: — Well they're pretty ineffective at drawing out people's opinions. Typically in a public meeting, there are two or three bullies who will take over the meeting and intimidate others that may have different opinions and prevent them from voicing their opinions. That's been my experience with public meetings. It's a very poor way to get honest opinions out of people. This way they can do it in the comfort of their own homes or their offices without any interference from anybody else and answer the questions as fully or as briefly as they want to. This to me is a far better way to get accurate information out of large numbers of people, and cheaper as well.

Ms. Sproule: — Once again I think I would beg to differ. And I've been at some very good public meetings where, if they're properly moderated, I always benefit from hearing what other people have to say. And I find that when you do the online consultation, you don't get the benefit of those good conversations that really do inform. I think any time I'm in a meeting, I'm always impressed and informed by what other people have to say. So I just want to say that's a bit of a disappointment, I think, and people did comment on that as well. But I think in this case we'll have to beg to differ on that one again.

[16:45]

I think I've covered almost everything. Just with your permission, Mr. Minister, I just wanted to let you know that I did hear from one farmer on the land sales. He currently has 14 quarters that he would need to purchase. And I just wanted to pass that on to you. I did speak to some of your staff yesterday at the PCAP [prairie conservation action plan] hearing and your staff were quite surprised to hear that there was somebody with that large of a holding.

So I would just ask you to consider — and you don't need to answer me, but I'm just bringing it to your attention — that this individual is going to be in considerable pressure. And I think your official thought that there was really nobody with more than five or maybe eight quarters. But this one individual . . . So I don't know if there's an ability to graduate this on a slower scale perhaps for people with larger holdings.

Hon. Mr. Stewart: — Well I'm sure we'll be hearing from the individual as well, so we'll deal with that when that moment comes.

Ms. Sproule: — All right. Thank you. One of the things in the summary of results that I referred to earlier, from October 7th, you indicated that the Minister of Agriculture invited 41 organizations to discuss the farm landownership rules. You had 27 organizations that actually attended meetings. So you did have some meetings; that's good. And three additional organizations provided written submissions, and a further 28 submissions were received from individuals, family businesses, and larger organizations. Would it be possible for the committee to obtain copies of those submissions that you received?

Hon. Mr. Stewart: — Evidently they're all online.

Ms. Sproule: — They're online?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Thank you. Would it be possible to get a list of those 41 organizations that you invited to meet with you? I don't know if that's available.

Hon. Mr. Stewart: — Yes, sure.

Ms. Sproule: — Mr. Chair, I have covered all the ground that I would like to cover. So I would like to thank the minister and the officials for the great discussion and the good information. So thank you.

The Chair: — Are there any other questions from any committee members this afternoon? Seeing none, we'll proceed to vote on the clauses we have in front of us. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you. Carried.

[Clause 1 agreed to.]

[Clauses 2 to 42 inclusive agreed to.]

The Chair: — Carried. All right. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Saskatchewan Farm Security Amendment Act, 2015*. I ask a member to move that we report Bill No. 187, *The Saskatchewan Farm Security Amendment Act, 2015* without amendment. Ms. Jurgens moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for your patience in getting through that by the committee. Mr. Minister, do you have any closing comments?

Hon. Mr. Stewart: — Yes, thank you, Mr. Chair. In closing I want to thank my officials who have been extremely helpful in this, which was a pretty big job over the last number of months, and a great help again today particularly in going through the legalities of the Act, which is not my strong suit, I admit freely. I want to thank you, Mr. Chair, and the committee and as well you, Ms. Sproule. We always have, outside of question period, we always have very productive discussions. Thank you very much.

The Chair: — Well thank you, Mr. Minister. The people of the province I'm sure thank you for your work and the work of your ministry. I'd now ask a member to move adjournment of today's meeting.

Mr. Kirsch: — I so move.

The Chair: — Mr. Kirsch has moved. All agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 16:52.]